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NEWS SUMMARY

GENERAL

Talks on Uganda security problem

A Tanzanian military delegation arrived in Uganda for talks with army and police chiefs and Government Ministers on the worsening security situation in the country.

The delegation will discuss with the Ugandans mounting accusations that Tanzanian soldiers were involved in the spate of violent robberies and murders in Kampala in the last few weeks.

Bandits wearing army uniforms shot and killed seven Kampalans in three attacks on homes last weekend. They included a London chemistry professor. Survivors and witnesses said they were not sure whether the murderers were Ugandan or Tanzanian soldiers, or civilian criminals who had acquired army uniforms and weapons. Economic crisis, Page 3

Vlasova's return

As ballerina Lyudmila Vlasova returned to a heroine's welcome in the Soviet Union, the news agency, Tass, broke its five-day silence on her dancer husband Alexander Godunov, saying he had disappeared in the U.S. in circumstances still unclear.

Kidnap total up

An Italian pop singer and his girlfriend became Sardinia's latest kilnap victims, bringing to 10 the wealthy capitives in the hands of the island's kidnap gangs. Police searching for missing members of the London Schild family discounted a claim that the "Red Guerrillas" group kidnapped them.

Hua to visit U.S.

Chairman Hua Guo-feng accepted "with delight" an invitation to visit the U.S. next year, U.S. Vice-President Mondale announced on his visit to China. President Carter hopes to visit China next year. Page 4

W. Sahara poll

The Moroccan Parliament will meet in special session today to arrange quick elections in the country's newly taken part of the Western Sahara against a background of major Polisario guerrilla strikes against the Moroccans.

Uranium claims

The Defence Ministry is considering claims by the families of two men who died after years of work in the Aldermaston nuclear weapons research plant where uranium and plutonium are handled to maintain the UK's nuclear deterrent. Page 6

Nigeria 'swindled'

Scotland Yard is investigating a suspected fraud in which the Nigerian Government was swindled out of at least £15m by tricksters who interposed bogus instructions in Lagos on telex orders for funds. Page 8

Lucky escape

Passengers on a packed high-speed train had a lucky escape when it was derailed near Northallerton, Yorks. The train was carrying 500 passengers from King's Cross to Edinburgh when eight coaches left the rails but stayed upright.

Briefly . . .

Schoolboy shot himself on the village green at Thornton-le-Dale, Yorks., after failing his A-levels.

U.S. swimmer John Kinsella won the 21-mile international cross-Channel swimming race from England to France.

Welshman Gerry Breen reached Saint-Cyr-L'ecole airport, completing the first London-Paris flight by motorised hang-glider.

Male chauvinism is alive and well in Japan, where No. 1 in the pop charts is a ditty in praise of wifely obedience—"Your Husband and Master proclaims" . . .

BUSINESS

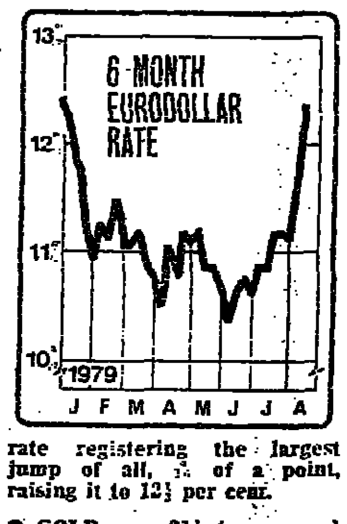
Gold shares rise; Gilts dull

● EQUITIES remained quiet, although the rise in bullion brought another upsurge in Golds. The FT ordinary index eased 0.2 to 464.8, while the Gold Mines index rose 6.6 to 192.3.

● GILTS were dull and the Government Securities index eased 0.02 to 73.43.

● STERLING rose 1.60 cents to $2.2495 and its trade-weighted index rose to 71.9 (71.2). The dollar's index rose to 84.9 from 84.7.

● LONDON interbank offered rates (Libor) moved up sharply yesterday, the six month Libor rate registering the largest jump of all, ⅞ of a point, raising it to 12⅜ per cent.



● GOLD rose $1½ to a record close of $314¾ in London.

● WALL STREET was 0.26 up at 885.67 just before the close.

● TREASURY itself is the subject of a cost-cutting review to see if savings in staff can be made, particularly in the economic forecasting and exchange control divisions. Back Page; News Analysis, Page 7

● FOREIGN investment in the U.S. climbed by a record $6.2bn last year to a total of $40.83bn according to official statistics. Page 4

● NIGERIA's oil revenues this year could be 50 per cent higher than last year, according to the Federal Commissioner of Finance. Back Page

● FRENCH Government will announce today measures to give a modest stimulus to the flagging French economy and compensate low-income families for rapidly rising living costs. Page 2

● LAUNCH of a Polish bulk carrier from the lower Clyde yard of Scott Lithgow has been cancelled. The 8,000 workforce has decided to hold the ship as part of industrial action by shipyard workers against British Shipbuilders' planned redundancies and yard closures. Page 9

● VAUXHALL Motors, the first motor company to settle in the new wage round, has offered its 26,000 manual workers increases worth about 17 per cent, in return for agreements on performance and work practice. Back Page

● THE TIMES and Sunday Times closure cost the International Thomson Organisation £17.3m in the first half of this year. Thomson pre-tax profits rose by £2.5m to £63.2m on sales of £297m in spite of the loss by Times Newspapers. Back and Page 26

COMPANIES

● IMI pretax profits for the first half of 1979 fell from £15.7m to £13.6m on sales up from £260.4m to £303.9m. Page 22 and Lex

● FAIRCLOUGH CONSTRUCTION, the civil engineering and building concern, reports pretax profits up from £3.6m to £4.07m for the first half of 1979 on increased turnover of £107.79m against £89.84m. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Burnett Hallamshire A	465	+	25
Diploma Invs.	348	+	8
Fogarty (E.)	355	+	18
Gleeson (M. J.)	45	+	5
Gough Cooper	92	+	4
Green's Economiser	124	+	6
Greycoat Ests.	105	+	5
Guinness Peat	96	+	4
Hoffnung (S.)	65	+	8
Hogg Robinson	94	+	4
MFI Furniture	168	+	6
Myson	89	+	5
Newarthill	198	+	8
Parker Timber	196	+	6
Pearl Assurance	246	+	4
P and O Dfd.	105½	+	3
Quick (H. and J.)	43½	+	4½
Shaw Carpets	32xc	+	3
Sirdar	118	+	6
Stylo Shoes	241	+	13
Tomatin Distillers	183	+	6
Unitech	198xa	+	7½
Aran Energy	158	+	13
Bertam Cons.	177	+	9
Doranakande	145	+	17
Bracken	106	+	9
Cons. Gold Fields	232	+	6
Deelkraal	153	+	14
Haoma Gold	34	+	4
Hartebeest	£16⅞	+	⅝
Impala Plat.	176	+	5
Libanon	665	+	49
Marievale	108	+	18
Monarch Petroleum	13	+	3½
North West Mining	33	+	5
FALLS			
Brown (J.)	395	−	6
Hoover A	125xd	−	4½
Midland Bank	340	−	6
Pancontinental	750	−	50
Peko-Wallsend	336	−	7

AFTER THE MOUNTBATTEN MURDER . . .

● THE IRA Bank Holiday attacks which killed Earl Mountbatten, two members of his family and a friend and 18 British soldiers make an early political initiative in Ulster less likely than ever, senior Ministers in Westminster believe.

● FEARS that the IRA is extending its attacks to continental Europe were rife in Brussels last night after a bomb injured four British Army bandsmen and 15 other people. It exploded beneath a handstand in the city centre shortly before a concert.

● MR. JACK LYNCH, Ireland's Prime Minister has cut short his holiday in Portugal and will be back in the Republic within a day or two. Mr. George Colleye, Deputy Prime Minister, will preside at a special Cabinet meeting today.

● VIOLENT reprisals were threatened yesterday by the Ulster Defence Association, unless there is swift action against the IRA. It claimed Mr. Humphrey Atkins, Ulster Secretary, had "no knowledge" of the situation

Chance of Ulster initiative reduced

BY RICHARD EVANS, LOBBY STAFF

SENIOR Ministers believe that the latest outrages in Ireland—the assassination of Earl Mountbatten and the death of 18 British soldiers—make an early political initiative in Ulster less likely than ever.

It is feared that the incidents will prevent any political progress for some time by hardening moderate Protestant opinion in Northern Ireland and provoking militants to retaliate.

The alternative to a political initiative is seen as a further tightening of security provisions

Senior Ministers yesterday assessed the repercussions of the killings. Mrs. Thatcher called in Mr. William Whitelaw, Home Secretary, Mr. Francis Pym, Defence Secretary, and Sir Ian Gilmour, a Foreign Office Minister.

Later, the Prime Minister, Mr. Whitelaw and Sir Ian received a report on security in Ulster from Mr. Humphrey Atkins, Northern Ireland Secretary, who had earlier visited Belfast and talked to police and service chiefs.

Security will probably be tightened in the province—although no more troops are to be sent—and attempts will be made to improve liaison with the South.

Further pressure will also be exerted on Mr. Jack Lynch, the Premier, to tighten border security and to allow suspected terrorists to be extradited to the North or to be interrogated by RUC detectives.

The delicate relations between London and Dublin will, inevitably, be more tense.

Aftermath of the killings. Page 6
IRA steps up pressure. Page 20
Irish Cabinet meets. Back Page

following the assassination of Lord Mountbatten, but Ministers were anxious yesterday not to be provocative in any way.

An early meeting between Mrs. Thatcher and Mr. Lynch is probable. There could be brief talks if he attends Lord Mountbatten's funeral, but it is stressed that the agenda would be confined to security matters and improving liaison, and would not involve the political future of the province.

There were also discussions yesterday in Whitehall and among police chiefs about the protection of individuals, following the IRA's switch from indiscriminate bombing to carefully selected targets. The general belief is that security is already tight and impossible to make totally secure.

The apparent lack of Government activity is making some Conservative MPs restless and there were calls yesterday for a much greater security campaign to be launched against the IRA and for much more pressure to be put on the Dublin Government to curb IRA activities.

Mr. Anthony Marlow (C., Northampton N.) urged the immediate recall of Parliament "to deal with the sub-human IRA traitors." He wrote to Mrs. Thatcher that hard times called for hard measures, and a determined response.

Two Northern Ireland MPs, Mr. James Molyneaux and the Rev. Robert Bradford, delivered a personal message to the Prime Minister urging greater action to be taken against the IRA.

James Zuchan writes from Washington: State Department officials yesterday condemned the new surge in IRA violence, and it seemed likely that Monday's incidents might soon lead the Carter Administration to resume sales of U.S. guns and ammunition to the Royal Ulster Constabulary.

IRA bomb blast in Brussels

By Giles Merritt in Brussels

FEARS that the Provisional IRA had launched a bombing campaign on the Continent rose yesterday after four British military bandsmen were injured in an explosion in Brussels.

Immediately afterwards, a telephone caller to Brussels City Hall claimed responsibility on behalf of the IRA.

The bomb exploded beneath a bandstand in the medieval Grand Place shortly before the Band of the Duke of Edinburgh's Royal Regiment was to play. The blast slightly injured 15 people, including the bandsmen.

No warning was given of the attack.

IRA activity in Europe included the assassination last March of Sir Richard Sykes, British Ambassador to Holland, at The Hague.

The band was due to begin playing at 3 pm as part of ceremonies and events organised this year to mark the founding of Brussels 1,000 years ago.

The device was believed to be a comparatively small charge.

Though an investigation into security precautions for the bandsmen has been opened by the Belgian gendarmerie, British diplomats in Brussels have stressed that security for potential targets was already at a high level.

The Belgian capital was identified as a possible stronghold for Provisional IRA terrorists after Sir Richard Sykes' murder.

Only hours after Sir Richard's car was ambushed in The Hague by gunmen, a Belgian Central Bank employee was killed in a similar shooting in Brussels.

Belgian police believe that that murder was a result of mistaken identity, and that the terrorists had intended to kill a senior British diplomat accredited to NATO.

Two months ago the Provisionals again came under suspicion in Belgium when the offices of Britain's honorary consul-general in Antwerp were almost totally destroyed

£ in New York

—	Aug. 27	Previous
Spot	$2.2435-2.2450	$2.2340-2355
1 month	0.31-0.27 dis	0.33-0.29 dis
3 months	0.94-0.88 dis	1.00-0.96 dis
12 months	3.54-3.22 dis	3.40-3.30 dis

U.S. banks lift prime rates

BY JOHN WYLES IN NEW YORK

MORE THAN a dozen U.S. commercial banks yesterday lifted their prime rates to a record 12¼ per cent in a move which highlights the Federal Reserve Board's tough new credit policies.

U.S. prime rates, notionally the charge on bank loans to top quality customers, have been at 12 per cent for little more than a week. But yesterday they past this particular peak, first established in September 1974. There will be little surprise among economists if the new level is not just a staging post on the way to 12½ per cent.

This is because of sharp increases in short term money market rates, and therefore the cost of bank funds, following recent credit tightening moves by the Fed. In less than a fortnight the Central Bank has raised its target rate on Fed funds, which are overnight loans between banks, from 10⅞ per cent to 11¼ per cent.

The U.S. trade deficit narrowed in July to $1.107bn from $1.9bn the previous month. Back Page.
Prime rate increases hit straight $ sector, Page 26.
Editorial Comment, Page 20.
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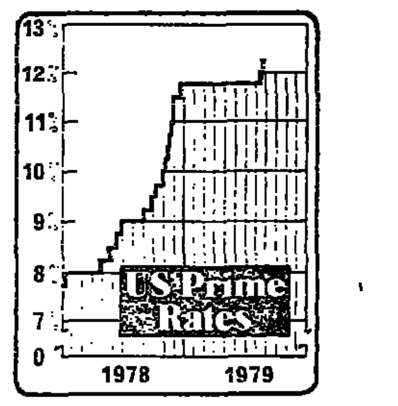
Although this attempt to rein in recent monetary growth and ultimately to dampen inflation is widely regarded on Wall Street as desirable and inevitable, it has brought a vivid colouring to the first month in office of Mr. Paul Volcker, the Fed's new chairman.

Since much of official Washington is still or has been on holiday, the Fed's actions have brought little political comment.



But the going could get distinctly rougher in the weeks ahead because of rising concern about the economic outlook.

The Fed's recent actions have coincided with calls from Mr. Volcker for monetary discipline which have carried strong echoes of his predecessor but one, Dr. Arthur Burns. With Presidential and Congressional elections next year and with some interest rates creeping past or equalling 1974-75 peaks, Mr. Volcker may risk attracting some of the political controversy which once surrounded Dr. Burns.

This is because of fears about the effects on the economy of the Fed's actions. However, Mr. Volcker has been reluctant to acknowledge publicly that the current slowdown does in fact mean a recession and, with with unemployment still holding steady, he still has some time and room for manoeuvre.

Another factor working in his favour is that economists generally discount the risks of the Fed leading the economy into a credit squeeze of 1974-75 proportions

Pound rises sharply

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING rose sharply yesterday against most other major currencies. Its trade-weighted index rose by 0.7 points to 71.9, the highest close for three weeks.

Trading was generally quiet yesterday and there were no obvious new influences. There were, however, reports of some sizeable buying after the shake-out of speculative positions earlier in the month.

Sterling at one point touched $2.2530 before closing at $2.2495. This was 1.6 cents higher than on Friday. The main movement appears to have been on Monday when the London market was closed for the bank holiday but there was strong buying in New York. Yesterday's London close was about half a cent higher than Monday's finish in New York.

The pound also gained against the main Continental currencies—rising to DM 4.11¼ compared with DM 4.08¾ on Friday and to FFr 9.60 against FFr 9.51¼.

The dollar was generally firm against all currencies apart from sterling ahead of the announcement of U.S. trade figures for July.

The U.S. currency closed in Europe at DM 1.8290 compared with DM 1.8285 on Monday in New York and DM 1.8280 on Friday.

Further speculative demand was again reported for gold, including from the Middle East. The price per ounce at one stage touched $317¼ before closing $1½ up since Friday at $314¾ after some late selling from New York.

Money Markets. Page 28
Silver price. Page 35

Ayatollah goes back on ceasefire with Kurds

BY ANDREW WHITLEY IN TEHRAN

HOPES OF averting a bloody battle for control of the Kurdish rebel capital Mahabad dimmed yesterday when Ayatollah Khomeini, Iran's unofficial Head of State, turned down ceasefire proposals already agreed by Tehran clergymen and members of the Cabinet.

An unofficial ceasefire is reported to have been in force throughout the western province of Kurdistan, pending the expected announcement of the formal start of peace negotiations.

In a tough statement said to reflect Ayatollah Khomeini's views, Mr. Abol Hassan Bani-Sadr, a member of the ruling Revolutionary Council, said there was no justification "for the systematic subversion of minorities who want to impose violence on our people," and that "it is not up to us to declare a ceasefire."

The rejection by hardliners in Qom of the tentative agreement thrashed out in Tehran on Monday with a five-man delegation from Mahabad shows a clear split in the authorities' ranks between those who think the rebels can be crushed by military force and those who support a pragmatic climb-down.

The scale of the task facing Government troops became even clearer yesterday after Turkish Press reports of thousands of Kurdish fighters crossing the ill-guarded mountain frontier into Iran to join the rebels in the battle zone.

The mass circulation daily Hurriyet said that an underground organisation known as KAWA was recruiting unemployed youths and paying them $1,200 a month to fight in Iran.

Turkey is known to be extremely concerned about the situation in Iranian Kurdistan and the consequences for her own large Kurdish minority.

Mr. Hasan Fehmi Gunes, the Minister of the Interior, who is in the adjoining Turkish region, was reported yesterday as saying that the present inadequate security measures would be stepped up to prevent "infiltration by separatist forces from Iraq and Iran."

Across the border the hard line that emerged from Iran's rulers in Qom was backed up by a further 19 executions of rebel Kurds and regular Army soldiers accused of abandoning their positions in last week's hard-fought battle for the town of Saqqez.

The executions were ordered by Sheikh Sadeq Khalkhali, the religious judge sent to Kurdistan

(Continued on Back Page)

Beecham buys Jovan for $85m

BY SUE CAMERON, CHEMICALS CORRESPONDENT

BEECHAM, the UK-based pharmaceuticals and household products group, is to buy Jovan, a U.S. fragrances and perfumes producer, for $85m (£37.7m).

The deal, which is subject to U.S. and UK Government approvals, is expected to go through by the end of October. It will mark Beecham's first venture into the fragrances and perfumes business.

Jovan, whose controlling shareholders have accepted the Beecham offer, had pre-tax profits of $12.1m last year. The company, which was set up in 1968, has net assets worth $30m. Between 1973 and 1978 its annual sales rose from $10.5m to $78m, and it now has about 8 per cent of the $1bn a year U.S. market.

Beecham said yesterday that it would raise the $85m purchase price partly from internal resources and partly through borrowing.

Beecham had pre-tax profits of £144m in the last financial year. It was attracted by Jovan's growth record and by the opportunities which existed in the U.S. fragrances and perfumes market. It estimated the market to be growing by about 10 per cent a year.

The group said the fragrances business was a "natural area of development." Beecham already has interests in cosmetics and beauty care products on the Continent.

Beecham stressed that there was no question of Jovan being merged with any of its other businesses. Jovan's existing chairman, president and executive vice-president are to "continue in active management of the business" with Beecham representatives joining the Board.

Jovan is based in Chicago, where it employs 800 people. It has a manufacturing and distribution rights agreement with Beecham covering Canada and Mexico. About 90 per cent of Jovan's sales are in the U.S. and the rest in Canada and South America.

Beecham had sales of £165m in North and South America last year out of a total worldwide turnover of £923m.

● Beecham said yesterday that Beecham Incorporated had obtained Bank of England permission for the early redemption of SwFr 80m worth of 5.5 per cent bonds due in 1987 at a principal and premium payment of 101 per cent. The bonds will now be redeemed on September 5.

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EUROPEAN NEWS

Barre gives mild fillip to flagging French economy

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Government is due today to announce a series of measures aimed at giving a modest stimulus to the flagging economy, and compensating low-income families for rapidly rising living costs.

The measures are being adopted somewhat earlier than expected, probably in an attempt to nip in the bud a mounting campaign by the unions and left-wing opposition parties against the economic policies of M. Raymond Barre, the Prime Minister.

The Government's critics have been given more ammunition by Monday's announcement that the cost of living index had risen by 1.3 per cent in July, pushing up the annual inflation rate, calculated on the basis of the last three months, to 13.8 per cent.

Although the Government's measures can hardly be described as reflationary, they will pump an estimated FFr 4.5bn (£470m) into the economy which, even on the most optimistic assumptions, is not expected to grow by more than 3 per cent this year.

Some FFr 2.5bn will be made available in the form of government credits to put new life into the public works and housing sectors, according to advance information leaked to the Press. One-off increases in special social security payments made at the beginning of each school year will put an additional FFr 2bn into the pockets of nearly 5m low-income families with at least one child.

Apart from the measures due to be announced by the Cabinet today, the Government is also understood to be planning a substantial Budget deficit in 1980, although the size of the shortfall has not yet been revealed. The out-turn for the 1979 Budget is expected to be a deficit of FFr 35bn to FFr 40bn, about half of which has been financed by successive State loans.

This departure from financial orthodoxy was sharply criticised yesterday by M. Michel Debre, a former Prime Minister and finance minister, who announced that he would refuse to vote for the Government's 1980 budget in the National Assembly. M. Debre, a leading member of the Gaullist Rassemblement party pour la Republique party which, though part of the ruling centre-right coalition, has not hesitated to hit out at M. Barre's policies, proposed a detailed alternative plan to deal with the country's economic problems.

Former Prime Minister Michel Debre . . . call to battle.

Emphasising that the world was "in a state of economic war," M. Debre said France had to make sure it was in the winning camp by waging a full-scale battle against the causes of inflation and by adopting far-sighted economic development policies.

Rotterdam strike-hit ships sail to other ports

By Charles Batchelor in Amsterdam

SHIPS UNABLE to enter the port of Rotterdam because of the strike by tugboat crews and dockers have begun diverting to ports in Britain, Belgium and The Netherlands.

Seventeen vessels have sailed for other ports since the outbreak of the strike, the Rotterdam harbour authorities said yesterday.

A further 22 vessels were anchored off the harbour mouth yesterday compared with the 13 reported on Monday, although it was not clear whether they were waiting for a tug, for the tide or for a pilot.

The Harbour Employers' Association said that the general cargo sector was the hardest hit by the strike of 8,000 of the port's 12,000 dockers. Container ships and the passenger ferries have not yet been affected. The unions are due to meet on Friday to discus sa renewal of wage talks.

The strike started last Thursday among tugboat crews seeking extra pay, but dissatisfaction among other port workers at the failure to reach agreement on a 1979 wage contract prompted the extension of the unrest to other sectors.

The effects of the unofficial strike action could be felt in the Dutch petrochemicals industry where negotiations are still deadlocked on a 1979 wage contract, a union leader warned.

It will probably also have an impact on next year's wage negotitions throughout Dutch industry, said Mr. Wim Kok, chairman of the largest union federation, the FNV.

The federation is sticking to its refusal to recognise the strike but it blames the attitude of employers and the Government for the labour unrest.

Unions, which have refrained from seeking basic wage increases recently, will be forced to ask for more money for their members next year unless the Government changes its policies, Mr. Kok warned after an emergency meeting of his union's executive.

KWU denies Brazil secret accord

BY JONATHAN CARR IN BONN

WEST GERMANY'S leading builder of power stations, Kraftwerk Union (KWU), has denied it is trying to prevent the transfer of nuclear technology to Brazil or to exercise control over Brazil's nuclear energy programme.

KWU issued the denial following publication in a Sao Paulo newspaper of what was described as a secret shareholders accord between KWU and Nuclen, the Brazilian nuclear energy company. Nuclen is a subsidiary of Nuclebras, the state nuclear agency.

The report, carried in the financial newspaper Gazeta Mercantil last week, has given rise to considerable controversy in Brazil, especially as it was published at the same time as the visit there by Count Otto Lambsdorff, the German Economics Minister. It maintained that decision-making power over Brazil's $10bn nuclear reactor and technology transfer agreement with West Germany would rest entirely with Kraftwerk Union.

The document published by the newspaper also claimed that, contrary to Brazilian Government statements in 1975, when the nuclear deal between the two countries was drawn up, technology transfers would be minimal.

The Sao Paulo police allegedly attempted to prevent publication of the Gazeta Mercantil, seizing the edition in the print shop and arresting three printers. The Gazeta used its Rio de Janeiro printing works to publish the paper which Sao Paulo police later attempted ot remove from newsstands.

KWU denied that there had been any secret accord. Nuclen had been established by the two sides in December, 1975, primarily to find and train personnel for the Brazilian nuclear programme.

Under the 1975 deal, the West Germans are to deliver eight nuclear reactors and technology to Brazil. There has been some delay in the construction of the first two reactors but Count Lambsdorff confirmed during his visit that the whole deal will still go ahead.

The company said that, through Nuclen, the West Germans would progressively transfer knowhow to the Brazilians so that, sometime in the 1980s, they would be in a position to carry through the major share of the programme themselves.

He also denied two other key parts of the Gazeta Mercantil report. According to the newspaper, all the equipment for the first two reactors—being constructed 80 miles south west of Rio de Janeiro—would be imported from West Germany, while the Brazilian-made content for seubsequent reactors could be as low as 10 per cent.

But according to KWU, the Brazilians were providing about 30 per cent of the technology and materials for the first two reactors, and the Europeans 70 per cent. For later reactors, the Brazilians would progressively take over a greater share so that foreign input would probably decline to about 10 per cent.

Turkish $2.4bn debt signing

BY METIN MUNIR IN ANKARA

TURKEY TODAY takes a further step towards regulating its external finances with the planned signing in London of an agreement to restructure $2.4bn of its foreign debt.

The agreement, to be concluded with some 200 international banks, covers short term foreign currency deposits made by banks and individuals in Turkish banks under the so-called convertible Turkish lira deposit (CTLD) scheme. Severe financial problems which started in 1977 made Turkey unable to service these debts.

Implementation of the agreement is a condition for the release of the $407m medium-term credit arranged for Turkey by a banking consortium last month. This in turn was linked to approval by the International Monetary Fund of Turkey's new standby loan of $300m.

Under the restructuring agreement, repayment will be made over seven years, including a 37-month grace period, in six equal tranches.

Interest will be 1¾ per cent over the London interbank offered rate (Libor).

With the CTLDs out of the way, only two categories of the country's foreign debt remain not yet restructured: $1.8bn to suppliers uncovered by export insurgence agencies and $450m in third party reimbursement claims.

Portugal revises budget deficit

BY JIMMY BURNS IN LISBON

PORTUGAL'S BUDGET deficit for this year will be at least Es 130bn (£1.18bn). This is Es 30bn (£272m) more than the forecast of Dr. Carlos Mota Pinto's government before it resigned in June.

The revised estimate is the background to several amendments to the 1979 budget for which the present session of Parliament has been extended.

Debate on specific requests for increases in expenditure and new tax provisions began yesterday and is scheduled to last until September 1. This will delay the long-awaited dissolution of Parliament by President Antonio Ramalho Eanes and the setting of a date for the autumn election.

The revised budget forecast is based on a more "realistic" assessment by the caretaker government of Dr. Maria de Lourdes Pintasilgo. Last year, the initial projected deficit was 40 per cent lower than the actual deficit and the pattern is not expected to change much in 1979.

The political crisis surrounding the downfall of the Mota Pinto government and the subsequent delay in the adoption of sales tax measures has been aggravated by widespread tax evasion and a badly structured tax system.

Spaniards urge lifting of Gibraltar ban

By Our Gibraltar Correspondent

MORE THAN 3,000 Spaniards in the border town of La Linea have urged the Madrid Government to lift the restrictions against Gibraltar and to open the frontier gates, which were sealed 10 years ago by the Franco regime.

The petition, sent to Sr. Adolfo Suarez, the Spanish Prime Minister, says that Spanish policy on the Gibraltar issue has been a failure and that a new policy should be to develop links with the British colony.

As a first step towards normal relations, the petitioners urge that the border be opened to pedestrians and that discussions be instituted between leaders on both sides.

British policy is that it would be inconceivable for Spain to enter the European Community while retaining the restrictions on Gibraltar, although successive British Governments are refusing to link the two issues formally. Sir Ian Gilmore, the Lord Privy Seal, took this line on an official visit to Gibraltar last month.

Russia is asked for truth on Wallenberg

By Maurice Samuelson

THE UNITED STATES Government is trying to find out if a Swedish diplomat is still alive in Russia, despite Soviet claims that he perished there 32 years ago. It has asked the Soviet embassy in Washington about the fate of Mr. Raoul Wallenberg, kidnapped by the Russians in Budapest shortly before the end of World War Two.

The question is a diplomatic minefield because the Russians have been accused of persistently lying about Wallenberg's fate. They maintain that he died of a heart attack in the Lubyanka prison in July 1947. But over the years numerous witnesses have testified to seeing him in other prisons after that date. He would now be 67.

In his native Sweden, Wallenberg is regarded as a national hero. A member of the Wallenberg banking family, he was responsible for saving thousands of Hungarian Jews from extermination in the last year of the war.

In making its inquiries, the U.S. has shown that it has grave reservations about the Russian explanation of Wallenberg's fate, which the Swedes themselves have formally challenged more than a dozen times since it was first given 22 years ago.

Sweden's latest note to the Russians was handed over in January. It was prompted by reports that a Swede, imprisoned in the Soviet Union for 30 years, had recently been seen in the Butyrka prison hospital. It also referred to "sightings" of Wallenberg in other prisons in the 1950s and 1960s.

Moscow briefly reiterated that Wallenberg was dead and said that there could be no more information about him. However, suspicions have deepened because the person who said he had seen the mysterious Swede, a Mr. Jan Kaplan of Moscow, is back in prison and cannot be approached for more details.

The U.S. inquiry has been made with the knowledge of the Swedish Government and at the request of Mrs. Nina Lagergren, the missing man's half-sister, who last month met Mr. Cyrus Vance, the Secretary of State, in New York. The Israeli Government, too, has been encouraging the Americans to act.

There is little hope that the Russian reply, when it comes, will differ from those it has given to Sweden over the years. Nevertheless, interest is likely to increase rather than diminish over the next few months.

The Swedish Government, reversing the secretive policy of some of its predecessors, plans to release the bulk of its monumental file on Wallenberg, numbering some 10,000 documents. These are being screened for publication. The only ones to be held back, the Government says, are those which might embarrass third countries or witnesses shy of publicity. Experts believe the papers which do come out will provide more valuable clues which it is not too late to pursue.

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Crippling burden of losses for Italian state concern

BY PAUL BETTS IN ROME

AT A conservative guess, the Italian state steel industry is now losing about £1m a day. In view of its crippling burden of accumulated losses and debts, it has just called, as it has invariably done every summer for the past three years, for substantial fresh funds to embark on a long overdue recovery programme.

Sig Alberto Capanna, chairman of the state Finsider group, which accounts for nearly 55 per cent of the country's steel production and about 99 per cent of pig iron output, has stated that Finsider needs an urgent recapitalisation of some L1,300bn (£714m) and an interest-free government loan of about L2,000bn.

Like the rest of the European steel industry, the steel sector in Italy has suffered from the world recession. There have recently been signs of a market improvement. But the state steel industry has not been able to take advantage of this because a wave of strikes has cut production. Italian steel output last year totalled 24.3m tonnes of which the state industry accounted for about 12m tonnes, well below its total capacity.

While the state industry has effectively reached a financial breaking point, the country's private steel sector has so far managed to struggle through the crisis. The small private producers in the northern region of Lombardy, whose low-cost exports of reinforcing steel bars have represented a thorn in European Community steel policy for the past two years, have up to now weathered the storm. This is largely the result of constant technological improvement and renewal and the flexibility of their manufacturing activities.

Moreover, the small northern producers have repeatedly been accused of unfair competition by other European manufacturers because of their reported use of so-called "black labour." The North Italian producers claim they have so far managed to contain labour costs to a minimum by investing heavily in labour sustituting technology.

This is not the case for the state steel sector, which has seen its labour costs accelerate more rapidly than those of European competitors and has been plagued by particularly high absenteeism, strikes and low productivity.

Teksid, the Fiat steel subsidiary with more than 30 plants and employing some 35,000 people, has successfully rationalised its production, concentrating on special steels, which Italy continues to import at a rate of about 500,000 tonnes a year.

However, the state steel industry is clearly less flexible. It is under a "social obligation" to preserve employment levels and open, as in the case of the entire Italian state sector, to constant political pressures and interference.

Indeed, one of the biggest liabilities of the Finsider group is the Bagnoli steel complex in the depressed area of Naples, which, with a current annual production capacity of more than 2m tonnes, is among the oldest in Italy.

Although a L450bn restructuring programme for Bagnoli has now been approved, union pressure has forced the authorities to abandon earlier plans for a substantial reduction of employment at the plant.

Finsider has also warned that unless production and employment are drastically reduced at some minor plants, these are unikely to be viable in the longer term.

With these exceptions, Finsider claims its steel plants are generally more competitive than those of other large European producers on account of their output of high technology steel products. The Taranto steel works for example, Italy's fourth and most recent integrated steel complex, is generally acknowledged to be one of the most technologically advanced plants in Europe.

It sells a considerable output of its steel pipes to the Soviet Union, and the state steel industry is optimistic over the future of the steel pipe market because of the need to expand oil and gas production and transport.

Finsider is currently spending some L213.9bn to rationalise the Taranto steel works, while it is now completing a L290bn rationalisation programme for the integrated steel complex at Cornigliano near Genoa. Rationalisation has also been undertaken at the plant of Piombino, near Leghorn, which produces among other things special steels.

Taranto, was sited at the tip of southern Italy as part of the intensive industrialisation programme of the depressed South in the 1960s. But the problem of higher export and transport costs to the industrial North persists. Indeed, Taranto is generally regarded as having failed to meet the expectations of the South as it has not encouraged the development of other industries nor generated additional employment on any scale in the area.

The troubles of the state steel industry are essentially financial. In Finsider's balance-sheet for the year ending April 1979, the group's consolidated deficit increased from L500bn the previous year to L581bn. Debt interest was even higher: it about totalled last year L762bn, or about 15 per cent of the group's turnover of some L5,000bn.

The problem dates back to the period immediately following the world steel crisis of 1974, when the steel industry built up its cripping indebtedness by having to revert heavily to the financial markets to cover its increasing losses.

Because of the unfavourable market conditions, with interest rates in Italy reaching at some stages peaks of more than 20 per cent, the state itself was reluctant to inject funds directly into the state controlled steel groups but at the same time, it was equally reluctant to let the state steel industry reduce employment levels.

Simultaneously, the state steel groups have seen their minority private sharehoders steadily decline and have had to rely practically exclusively on Government funding. In the case of Italsider, the largest operating company in the Finsider group, private shareholdings have dropped from 38 per cent in 1974 to barely 4 per cent of the company's base capital this year.

The state thus has been forced to come to the rescue. Even so, according to Finsider, state intervention has so far been inadequate and the group's capital is still low compared with its fixed investments.

Alongside the call for fresh state funding, the state steel sector has now openly appealed to the trade union movement to help improve plant productivity and to reduce labour unrest. In the past 10 years, Italsider alone is understood to have lost 20m working hours through strikes, or the total annual working requirement for a steel complex employing 12,000 people.

European competitors, Finsider claims, have increased the economic viability of their plants by reducing employment. In this sense, the group warns that unless industrial harmony improves, any financial recovery programme would be seriously jeopardised—which would have obvious repercussions on employment.

Iran warned after unrest breaks out in Bahrain

BY OUR FOREIGN STAFF

BAHRAIN yesterday warned Iran to stop intrigues which could harm relations between the two states, according to the local daily newspaper Akhbar al-Khaleej.

It quoted a Ministry of Information official as denying reports in the Iranian Press that the Government of Bahrain had suppressed pro-Palestinian demonstrations, staged in response to Ayatollah Khomeini's call for a show of solidarity on Jerusalem Day, August 17.

The warning has been taken however to refer to recent unrest in Bahrain following the arrest of Mr. Mohammed Ali Akri, a Shiite religious leader, on his return from Tehran. Unofficial reports spoke of police using tear gas and batons to disperse a crowd protesting over the arrest and demanding the establishment of an Islamic State.

Mr. Akri was reported to have visited Ayatollah Sadegh Rouhani, the Iranian religious leader who has repeatedly claimed that Bahrain is part of Iran. Mr. Akri was arrested at Bahrain airport on Wednesday, the eve of the Eid al Fitr holiday marking the end of the Ramadan fast.

On Thursday about 500 of his supporters gathered to march to the headquarters of the Ministry of the Interior to demand his release and to call for an Islamic state.

Local newspapers, mindful of a new publications law which bans anything "likely to encourage dissent," have so far remained silent.

Akabar al Khaleej also quoted the ministry official as denying that the Government was hostile to Iran's revolution. Such allegations, he said, could only play into the hands of the enemies of Islam, at a time when Iran needed friends and not enemies. There has been trouble in other parts of Bahrain, and several more arrests were made yesterday morning. But shops were open as usual, with their windows unshattered, and employees were said to be back at work after the holiday.

The cause of a fire in Bahrain's largest cinema, in the early hours of Monday morning, is still unknown. No-one was injured, and six men sleeping on the roof were rescued by firemen from a hydraulic platform.

Places of entertainment have frequently been the target of criticism by the more extreme religious groups, and the possibility that the fire was started deliberately cannot be ruled out. The cinema houses the 3,000 reels of the film library for Bahrain.

Settlements to be built in Gaza

BY DAVID LENNON IN TEL-AVIV

ISRAEL IS to set up another Jewish settlement in the occupied Gaza Strip this week, and work is due to start next week on another.

Despite negotiations with Egypt and the U.S. on Palestinian self-rule in the Gaza Strip and West Bank, Israel has intensified efforts to move settlers into the Strip. Three villages have been established and three more are planned.

While international attention has focused on Israeli settlement activities on the occupied West Bank, the Government has been pressing ahead with its plan to create a buffer zone of Jewish settlements at the southern end of the Strip.

The new settlements are designed to replace those which Israel has been obliged to abandon in Sinai under the peace agreement with Egypt. They will serve the same stated purpose: blocking the traditional invasion route from Sinai into Israel.

The settlement project on the West Bank has run into some difficulty because of the expropriation of private land, which has led Arab farmers and landowners to appeal to the High Court in Jerusalem. But in Gaza the settlements are being built in an area taken over years ago by the Army for training.

Earlier attempts to establish settlements in the densely-populated Strip have failed in all but one case because Israelis were unenthusiastic about living among 400,000 Palestinians in an area only 40 km long and 5 to 10 km wide.

The few hundred settlers in the area worried about their future, were assured last week by Mr. Ezer Weizman, the Defence Minister, that Israel had no intention of uprooting them, whatever the agreement reached in the Palestinian autonomy talks.

A Cabinet review of Israel's war of attrition against the Palestinians in South Lebanon has been postponed at Mr. Weizman's request. It was due yesterday following questions from a number of Ministers about the efficacy of the attacks and the negative image which they create for Israel abroad.

S. Africa black union signs pact

BY QUENTIN PEEL IN JOHANNESBURG

KELLOGS, the U.S. breakfast cereal manufacturer, has formally recognised an unregistered and independent black trade union. The agreement, only the second of its kind in South Africa, could lead to confrontation with the Government.

The agreement, signed between Kellogg's wholly-owned South African subsidiary and the 2,000-member Sweet, Food and Allied Workers' Union, grants recognition to the union's shop stewards, allows union officials access to the factory, and provides for union subscriptions to be deducted from workers' wages.

But the deal cuts right across the recommendations of the recent Wiehahn Commission on Labour Laws, and could be banned by the Government if the Commission's recommendations are accepted. The union has refused to register under the Government's new "Labour Dispensation," which would exclude black migrant workers from union membership, but recognise black unions. The commission proposed that any agreement between a company and an unregistered union should be outlawed, as a means of compelling registration.

The factory, at Springs outside Johannesburg, employs nearly 300, of whom some 210 are black. Before the company signed the deal, it hired an independent assessor to determine the extent of union membership.

The only previous signed deal between an individual company and an unregistered black union is at Smith and Nephew, subsidiary of the British Pharmaceutical Company, in Natal.

Capital investment up in Japan

BY RICHARD C. HANSON IN TOKYO

THE FIRST survey of business in Japan released since the latest increase in prices by the Organisation of the Petroleum Exporting Countries (OPEC) indicates that capital spending plans of private companies this year may have been stepped up, particularly in the manufacturing sector where last year investment declined.

The Long-Term Credit Bank of Japan, which specialises in long-term lending, reports that its July survey of more than 1,000 private companies showed a marked improvement over a similar sampling taken in February.

Industry as a whole in the latest survey said capital spending for the fiscal year starting last April would be up 11.5 per cent from last year. In February the companies, which account for about a third of all private capital investment in Japan, expected spending to be up only 5.8 per cent.

Results of the survey point to more confidence among businessmen than previously expected after OPEC raised its prices in June. Since June, the Japanese Government has moved to tighten credit and slow wholesale price inflation, which has worsened sharply during summer. This will threaten to disrupt growth but, if spending plans are realised, private investment may act as a stabilising influence for the economy as a whole, a role it has not played in recent years.

The largest increases in spending plans are in manufacturing. Led by previously depressed industries such as textiles, paper pulp, metal products and non-ferrous metals and general machinery, manufacturing spending is projected to rise 16.6 per cent this year after a drop of 9.3 per cent last year.

ECONOMIC RECONSTRUCTION THREATENED IN UGANDA

Tribal rifts and policy clashes

BY MICHAEL HOLMAN, RECENTLY IN KAMPALA

CONTINUING SECURITY difficulties, failure to begin the reconstruction of a ruined economy, and a politically divided population are posing serious problems for the Uganda Government of President Godfrey Binaisa.

The consequent loss of international confidence — one reason for the poor international response to Uganda's appeal for emergency aid — has in turn increased the challenges to an administration which must urgently deliver the economic goods if political tensions are to be contained. Without massive help, this cannot be done: thus the Binaisa administration is caught up in a vicious circle which it seems unable to break.

When in mid-April the new government took over after the eight-year régime of Idi Amin, it had a rare and intangible asset. The end of the dictatorship brought about a never-to-be-repeated national sense of euphoria and fellowship. It could have been channelled into economic reconstruction and reconciliation of factions within the Uganda National Liberation Front (UNLF) the Government of national unity supposed to hold office until elections promised by April 1980.

Instead the asset has been dissipated. The ousting of Professor Yusufu Lule and his replacement by Mr. Binaisa involved bitter jockeying for power, which continues to this day. It hampers the task of reconstruction. Equally damaging, it has aroused the antagonism of the Baganda people, nearly 30 per cent of Uganda's 12.7m population, who dominate the capital, Kampala, and the surrounding region.

Unsubstantiated claims of a build-up of Amin forces on the northern border, denunciations of Professor Lule as an "enemy of the people" and the recent arrest of a Deputy Minister in his government give an impression of a government lacking in confidence.

President Godfrey Binaisa

A Tanzanian military delegation arrived in Uganda yesterday for talks with Ministers and army and police chiefs on the worsening security in Uganda. The five-man delegation is to discuss the accusations that Tanzanian soldiers have taken part in some of the murders and violent robberies in Kampala in recent weeks, John Worrall writes from Nairobi.

The Tanzanians are also concerned over charges that Tanzanian troops stationed near game parks have been killing game, which is being sold across the border in Zaire.

Mr. Karl Van Orsdol, a young American biologist, has alleged that Tanzanian soldiers in the past four months have slaughtered more than 10,000 animals.

The overwhelming Baganda opposition to Mr. Binaisa is based on their suspicion that the removal of Mr. Lule, a fellow tribesman, was the first step in preparations for the return of Mr. Milton Obote, Amin's predecessor. It is accompanied by growing resentment of the 20,000 or so Tanzanian troops who remain in the country.

Mr. Obote continues to be a guest of his close friend, President Julius Nyerere of Tanzania, and has not declared his intentions. But invariably discussions about Uganda's future turn to the man who sharply clashed with the Baganda during his years in office and whose political ambitions have not been blunted by his time in exile.

Although President Binaisa himself is a Muganda, as are other members of his cabinet, Baganda suspicions have not been assuaged. They believe the President has lost his tribal affiliations and the validity of Professor Lule's removal remains vigorously rejected. Professor Lule himself claims that his dismissal was masterminded by President Nyerere, determined to install a socialist administration linked by ties of trade and ideology to Tanzania —a charge Dr. Nyerere has denied.

All parties look to the proceedings at the conference last March in Moshi, Tanzania, where exile groups came together to form the UNLF, for vindication of their respective claims. But it seems that there are different versions and different interpretations. The legalities of the change appears immaterial. Mr. Binaisa will not be dislodged on constitutional grounds alone, and for the time being at least Professor Lule must exercise his influence from afar.

This threat might be tolerable were the UNLF without internal divisions. But military and ideological differences suggest that it is a less than secure coalition facing numerous problems.

The continued killings in Kampala are blamed on various sources — bandits, ex-Amin soldiers, Tanzanian and Ugandan troops, and anti-government factions. Whoever is responsible, it is becoming apparent that the hard-pressed government, still in the process of rebuilding its army and police forces, cannot end the violence.

Perhaps more alarming is the development of factions within the Uganda Army, recently returned to barracks as part of the efforts to end the crime wave. Groups have become identified with the defence minister, Mr. Yoweri Museveni, who comes from the south, and the army Chief of Staff, Col. Oyite Ojok, from the northern Langi tribe who has been linked with Mr. Obote.

Meanwhile the UNLF is taking Uganda along the path to a one-party state, seeing itself as an umbrella organisation which will decide on what political views will be tolerated during the run-up to next year's elections.

All these issues are distracting the government from giving full attention to the economic crisis. Sugar, salt, soap, cooking oil and other basic commodities are usually only available at black market prices. The shortages are exacerbated by a lack of transport, and Kampala traders who lowered their prices as an expression of confidence that Mr. Lule's government would bring in supplies have raised them again.

Other towns are worse off, in particular Masaka and Mbarara whose centres were devastated during the war. When the Minister of Finance, Mr. Jack Sentongo, declared that the "economy is in ruins" he was not exaggerating. Production of coffee, which accounts for over 90 per cent of export earnings, will fall to a record low of well under 100th tonnes in 1978-79 compared to a peak of 214th in 1972-73. It is likely to fall even further in the coming year. Output of cotton, sugar, tea and tobacco are also drastically down.

The minister's three part programme for recovery has begun badly. A donors conference last month produced pledges of only US$135m against total needs put at $1.5bn.

Not only are donors concerned about stability. They want to know more about economic policy. The first assessment of some observers was that Professor Lule's pro-west, mixed economy approach had been replaced by a socialist regime. The impression was reinforced by a widely reported comment from a senior government official, Mr. Edward Rugumayo. Large scale foreign investment, he was quoted as saying, would "ruin us and mortgage the future of our country."

Mr. Binaisa has tried to correct the impression this caused and has gone out of his way to welcome investment involving government participation at a level which still has to be determined. Mr. Sentongo has already proposed the establishment of a Compensation Commission to negotiate claims of foreign companies, and individuals including British Asians, arising out of nationalisation under Amin.

The minister for planning and economic development, Mr. Anthony Ocaya — like Mr. Sentongo, formerly with the World Bank, stresses that "the administration does not differentiate in its desire for sources of assistance or investment. It's not a question of east versus west—we just want to do decent business, that's all."

AMERICAN NEWS

Chairman Hua accepts Mondale invitation to visit

BY JOHN HOFFMANN IN PEKING

CHAIRMAN Hua Guofeng has accepted "with delight" an invitation to visit the United States in 1980, Mr. Walter Mondale, the U.S. Vice-President said during his visit to China yesterday. Mr. Mondale also announced that President Carter hopes to visit China next year.

Vice-President Mondale said that his discussions with Chinese leaders had revealed broad areas of agreement on foreign policy.

Both sides had agreed in strong terms that the Vietnamese occupation of Kampuchea was "insupportable," he said. The Chinese leaders were offended by Vietnamese policies over Kampuchea, the expulsion of ethnic minorities from Vietnam and regional domination.

They had described their feelings "with a good deal of heat" and repeated that they reserved the right to teach Vietnam a lesson similar to that delivered during the border war early this year, he said.

Mr. Mondale said he had explained in detail American hopes for a political resolution in Kampuchea involving the complete withdrawal of Vietnamese forces. "We see no hope in the puppet Government of Heng Samrin, it has no legitimacy whatever," said Mr. Mondale.

The U.S. looked forward to co-operation with China in every field other than military arrangements, Mr. Mondale, said, clarifying a remark he made the day before. His statement that any nation which sought to weaken or isolate China in world affairs assumed a stance counter to American interests was not an offer of military support against nations showing aggression towards China, he said yesterday. "We do not have, or anticipate, a military relationship with China."

Mr. Mondale was speaking on his last night in Peking after three days of talks with Chairman Hua Guofeng, Vice-Premier Deng Xiaoping and other leaders. He will visit other cities in China this week.

David Buchan adds from Washington: State Department officials stressed here yesterday that Vice-President Mondale's effusive speech in Peking followed the track of Mr. Carter's desire to broaden U.S.-China relations, but did not indicate any Administration "tilt" towards Peking and away from Moscow.

It remained Administration policy not to sell arms to either country. Despite the Administration's declared intent to be even-handed in its policies towards Moscow and Peking, the Vice-President made it clear, however, that submission of the recently signed U.S.-China trade agreement to Congress for approval did not hang on reaching similar agreements with the Soviet Union.

Senator Henry Jackson had accused the Administration before Mr. Mondale arrived in Peking of deliberately holding up the China trade accord to try to reach similar arrangements on credit and tariffs with the Soviet Union.

The Peking leadership has strongly criticised the SALT nuclear arms treaty with Moscow, and urged the U.S. to step up its defence spending to meet the Soviet threat. The Carter Administration is developing plans to present a supplementary defence budget to Congress this autumn, partly to try to assure Senate approval of the pact.

But Mr. Harold Brown, the Defence Secretary, said last week that the Administration still considered that a 3 per cent real increase in defence spending, as proposed last January in the 1980-81 budget, was adequate. A supplementary budget would be needed just to make good the erosion caused by inflation this year.

Mr. Mondale is applauded by Peking University faculty members.

Foreigners invest record $40bn in U.S.

BY JOHN WYLES IN NEW YORK

FOREIGN DIRECT investment in the U.S. climbed by a record $6.24bn last year, taking the total value of foreign-owned investment to $40.83bn, according to official figures released yesterday.

Boosted by the weakness of the dollar and the relative cheapness of U.S. assets as measured by stock market values, the 18 per cent increase in foreign direct investment ran the gamut of American business, from banking, retailing and petroleum to railway car manufacturing and real estate.

The figures suggest that, last year at least, profits from foreign-owned direct investments grew at a substantially faster pace than did those of U.S.-owned business.

Whereas U.S. corporate profits increased by 17 per cent during 1978, foreign parent companies drew 39.7 per cent more income, totalling $3.96bn, from their U.S. affiliates last year.

Between 35 and 40 per cent of the new foreign investment last year would have been reinvestment of affiliates' earnings. Until the 1970s, foreign direct investment in the U.S. averaged a few hundred million dollars a year, but the decline in the dollar since 1971 and the desire of many foreign companies to spread their assets has more than trebled the total investment in the U.S. since 1970. Last year's increase followed a 12.4 per cent rise in 1977.

About two thirds of the direct investment has come from Europe, with the UK, the Netherlands and West Germany in the vanguard, while Canada is the third largest source. Contrary to many expectations, direct investment by OPEC countries has been unofficially estimated at less than $200m, 1 per cent of the total.

Earlier in the week the Commerce Department reported that U.S. corporations and individuals increased their overseas investments by 12 per cent last year compared with a 10 per cent increase in 1977. U.S. direct investments abroad totalled $168.1bn at the end of 1978, compared with $149.8bn at the end of the previous year.

Specifically, petroleum investments were 6 per cent higher at $33.3bn, manufacturing operations rose by 12.4 per cent to $74.2bn and investments in other industries grew by 15.6 per cent to $60.6bn.

U.S. companies' income from foreign affiliates increased by 28 per cent to $25.7bn, a large proportion of which was attributable to foreign currency gains stemming from dollar depreciation.

Strauss 'seeking wider role in Mideast'

BY DAVID BUCHAN IN WASHINGTON

MR. ROBERT STRAUSS, the mediator appointed by President Carter in the Palestinian autonomy negotiations, is reported to be seeking to widen his role and to assume more Middle East policy responsibility from the State Department.

In the absence of Mr. Cyrus Vance, the Secretary of State, on holiday, Mr. Strauss this week has proposed a U.S. sponsored ceasefire in the Lebanon, arguing that continued fighting there involving Israeli troops is creating tensions between Israel and Egypt in the autonomy talks, and complicating his mediation job.

The proposal brought a frosty rebuttal in public from the State Department spokesman on Monday, who asserted that the Lebanon issue was the Secretary of State's responsibility.

Mr. Strauss was earlier said to have clashed with Mr. Vance and White House foreign policy officials on the ill-fated U.S. proposal for a compromise UN resolution on the Palestinian problem.

Mr. Strauss, who feels his personal diplomatic style is best served without the trammels of the State Department bureaucracy, has taken other steps to distance himself from the Department.

He has kept a separate office outside the Department, and has recently asked President Carter if he could serve unpaid, to give himself more freedom within the Administration.

Mr. Strauss and the Secretary of State are still believed to be on good personal terms, but their simmering disagreement over who is responsible for what, and who is in overall charge of Mideast policy, can only confirm the impression of disarray among the Administration's foreign policy makers.

President Carter himself has paid scant attention to foreign policy this month, devoting most of his time to domestic issues such as energy, and some early electioneering.

Car makers present pay offer

BY OUR NEW YORK STAFF

PAY NEGOTIATIONS in the U.S. motor industry moved into a more conclusive phase yesterday when General Motors and Ford presented their first offers. This follows six weeks of verbal sparring between the union and the manufacturers.

No details were released by the companies and the United Auto Workers did not have any immediate public reaction. But if the negotiations on a new three-year contract run true to past form, the union will reject the offers as inadequate and warn of impending deadlock.

In any case, the UAW will raise the negotiating temperature tomorrow by announcing the target company at which it will concentrate its efforts to reach a pattern settlement for the industry.

There will be surprise if the target is not GM, since Ford was the selection in 1976 and Chrysler has been ruled out because of its financial frailty.

The existing three-year contract expires on September 14 and it is widely expected that no agreement will be reached by then and that GM workers will strike. Of greatest interest and significance will be whether GM takes a stand on the Government's pay guidelines and refuses a package which might breach them.

If it does so, and is on strike for any length of time, then the Administration's economic problems could be compounded, as a shutdown at GM would deepen the impact of a recession.

Ecuador's recently-elected president seeks 'social justice' on a shoestring

New broom Roldós starts sweeping

BY SARITA KENDALL IN QUITO

ECUADOR'S NEW constitutional President after seven years of military rule, Sr. Jaime Roldós Aguilera, has already shown he means to keep at least one of his electoral promises—not to remain office-bound.

On his first working day Sr. Roldós, sworn in this month after a landslide election victory in April, made an unexpected round of government buildings and threatened to sack civil servants if he found them slacking a second time. After the Presidential palace had been in candle light for several hours on his second day, Sr. Roldós paid the electricity company a tetchy visit to see why the whole of Quito was blacked out.

The weekend found the President walking through the slums of Guayaquil in search of a solution to the housing problems of tens of thousands who live in flimsy huts without access to any public services.

Nothing could have pleased Ecuadoreans more after the years of unresponsive military rule, and even Sr. Roldós' severe warnings of austerity failed to dampen the feeling that he had made an excellent start.

Despite pressures to pay off loyal campaign workers with government posts, there are only four members of the President's Popular Forces Party in the Cabinet — many Ministers are independents from universities and the private sector.

However there have been threatening signs from elsewhere: Sr. Assad Bucaram, boss of the Popular Forces Party, voted president of Congress as the result of an ideologically incomprehensible pact with the Conservatives, is reigning as though in a personal court and scores of vociferous party supporters make it impossible for opposition spokesmen to speak on certain subjects.

The leader of the Democratic Left accused the Popular Forces of running a dictatorship in congress after opposition parties staged a walk out when Sr. Bucaram, on a point of dubious legality, expelled three elected members and replaced them with his own party followers. Sr. Carlos Julio Arosemena, a former civilian President, who has been the frequent target of Sr. Bucaram's barbed humour, said this was just the way to bring back the military.

Though there have been no head-on clashes between Sr. Roldós and Congress as yet, some legislative projects—such as a 20 per cent revaluation of the sucre against the dollar—could lead to a show-down. But the private sector and government financial experts have spoken out against any revaluation, especially at a time when international reserves are falling and Ecuador is heavily dependent on export growth to keep up public investment.

Indeed the financial obstacles to the programme of reforms proposed by Sr. Roldós may prove more serious than any political upsets. With Ecuador's foreign public debt already over $3bn (excluding military commitments) there is little room for borrowing, and Dr. Fernando Aspiazu, the Finance Minister, estimates this year's budget deficit at $280m.

Exports were up by more than 25 per cent compared with 1978 during the first half of this year, but most of this increase was due to high oil prices and the volume of crude exports will be falling rapidly from 1980 onwards.

Sr. Mauricio Davalos, the new Energy Minister, is giving priority to oil exploration, and the role of the state oil corporation is to be strengthened—though it seems likely that projects such as the petrochemical industry will have to wait until Ecuador's current reserves of 1.2bn barrels are boosted by new finds. One of the most complex decisions awaiting the Government is the rationalisation of local fuel consumption and prices: petrol, at 20 U.S. cents a gallon is among the cheapest in the world, a luxury the country can no longer afford.

Sr. Roldós promise of "social justice" is clearly reflected in the importance given to new labour, health, education and housing policies as a factor in income distribution. Apart from an avalanche of labour legislation to improve work conditions, wages and social security benefits at present being discussed in Congress, public spending is being directed to rural areas and the poorest.

Sr. Roldós, the reforming president . . . investigates the slums of Guayaquil at first hand.

WORLD TRADE NEWS

$1.2bn loan for Korean power plants

WASHINGTON — The U.S. Export-Import Bank has granted preliminary approval of a record $1.17bn credit toward the construction of two nuclear power plants in South Korea, Eximbank President Mr. John Moore announced. The loan carries an interest rate of 8 per cent.

The credit is however subject to a 25-day Congressional review period before final approval.

The nuclear steam supply system, turbine generators and fuel fabrication will be provided by Westinghouse Electric, he added. Total value of U.S. export sales regarding the two projects is $1.38bn.

Mr. Moore said the contract, awarded by Korea Electric, covers the supply of the two plants and other engineering, construction and management services to be carried out by U.S. companies.

Kia Industrial plans a Won 12.9bn (£12m) diesel engine manufacturing plant at Shihung, Kyonggi Province.

The Hapdong News Agency said the proposed plant will be financed by Won 7.57bn in local currency and Won 5.34bn in foreign exchange, satisfied by an $11m loan from the Royal Bank of Canada and three British Banks.

The plant with annual production capacity of 72,000 engines is expected to start commercial operations in the second half of 1980, enabling annual exports of some 4,000 diesel engines.

Agencies

British Steel and Davy bid for Indian contract

BY K. K. SHARMA IN NEW DELHI

THREE EUROPEAN companies, two of them British, have made proposals to the Indian Government for establishing steel plants. They are the British Steel Corporation, Davy International and Demag Mannesman of West Germany.

The proposal from British Steel envisages setting up a steel plant with an initial capacity of 1.4m tonnes of steel, to be expanded later to a capacity of 2.4m tonnes annually.

Davy International's proposal involves participation by companies from France, West Germany and Italy. The plant proposed would have an initial capacity of 1.3m tonnes of saleable steel and later be expanded to 3m tonnes.

The most detailed proposal is from Demag which has gone into technical and financial aspects of the proposed project with an initial capacity of 1.5m tonnes and expansion in two further stages to an ultimate capacity of 4.4m tonnes.

The Romanian government has also shown interest in participation of a metallurgical project and has submitted a proposal to establish a blast furnace complex with technical and financial participation to produce saleable pig iron.

India is currently facing a severe steel shortage, partly because of low coal supplies by collieries owing to transport difficulties. Plans for expansion of existing plants and setting up new ones are being actively considered.

Roy Hodson writes: The interesting feature of the steel plant bids is that British Steel and Davy, which have a history of collaboration in overseas steel plant construction, are in competition.

The implication is that British Steel's international division is showing a new aggression in seeking overseas design and construction management contracts on its own.

Sir John Buckley, chairman of Davy International, is a member of the board of British Steel. He and Sir Charles Villiers, chairman of British Steel, have been actively seeking new steelworks construction contracts in China to be handled on a joint basis.

In view of the growing domestic steel supply shortage in India and the need to remedy it as quickly as possible to avoid higher steel imports, and consequent strain upon the balance of payments, the Indian Government may well choose to expand some of India's existing works in preference to ordering a new works.

The lead time for construction of an integrated works in India is thought to be at least seven years and probably longer.

W. BERLIN ELECTRONICS EXHIBITION

Viewdata system sparks debate

BY LESLIE COLITT IN BERLIN

THE CURRENT International Home Electronics Exhibition in West Berlin is the subject of a heated debate over who is to gain access to competitive television information and communication systems, the country's public corporation TV stations or the newspaper publishers.

ARD and ZDF, the two West German TV networks are both demonstrating their videotext system while the German Newspaper Publishers Association is showing its rival TV newspaper.

Both Britain's BBC and the Independent Broadcasting Authority (IBA) are here with their Teletext systems while the British Post Office is showing Prestel, its own printed information system. The French have the Antiope text transmitting system and, on top of this, the Bundespostis is plugging the virtues of its Bildschirmtext system before "field trials" begin next year to provide home TV screens in West Germany with the service which is transmitted by telephone lines.

Although video communication represents only part of the home electronics exhibition, which is one of the world's largest, it is attracting considerable attention at a time when there are few real innovations in home entertainment electronics. Those such as the video cassette recorders with an eight-hour playing time have been unveiled here by the Japanese and Grundig.

The radio and TV exhibition, as it is somewhat misleadingly called, is of record size, this time with 525 companies from 26 countries spread over all 24 halls of the Berlin exhibition grounds as well as occupying the vast new International Congress Centre. The exhibition serves as a testing ground for the DM 10bn West German home electronics market as some 600,000 visitors scrutinise the products of West German and foreign manufacturers, while the West German media provides lavish coverage of the event in the 10 days of the fair that ends next Sunday.

The West German newspaper publishers launched their broadside against the TV stations by accusing them of waging a "total confrontation with the printed press" in videotext technology. They threw the word "monopoly" at the top two TV channels along with the accusation that a TV newspaper would touch on the "very existence of the newspapers."

The German newspaper publishers call their electronic information system a "print medium" and say that if the TV stations start offering a free video newspaper then this will be countered by the publishers' own video text system.

Dr. Karl Steinbuch, a leading West German communications expert, criticised what he called the delays in introducing cable TV to West Germany. He noted that in West Germany the highest authorities first have to debate and consult on whether it will be of benefit to the man in the street while in the U.S. a "clever electrician put up an antenna and laid cables to his fellow citizens—a democratic action in the purist sense."

£16m credit for Petrobras

Financial Times Reporter

THE EXPORT Credits Guarantee Department has guaranteed the repayment and funding of a further $35m (£16m) which Lloyds Bank International has made available to Petroleo Brasileiro SA (Petrobras), Brazil.

This loan is supplemental to the $35m of ECGD guaranteed finance made available by Lloyds Bank International to Petrobras under an agreement signed in June 1978.

The loan will help finance contracts awarded by Petrobras or its subsidiaries to UK suppliers of capital goods for the expansion of the Brazilian in-shore and off-shore oil exploration and petrochemical development programmes.

UK companies with contracts from Petrobras will receive 85 per cent of the contract value from the loan: the remaining 15 per cent is payable from the buyer's own resources.

● ECGD said yesterday that the conclusion of recent agreements had taken the value of export finance supported by the department under the foreign currency scheme to more than $4bn. The scheme was introduced in the spring of 1977.

Malta seeks turnover increase

BY GODFREY GRIMA IN VALETTA

THE MALTESE Government is shortly expected to announce a substantial increase in wages in a bid to reap greater income from the islands export activities.

Heads of the island's top exporting companies have been advised by Dr. Joseph Cassar, the acting premier, to prepare themselves for a sharp wage increase. The objective, Dr. Cassar explained, was to increase the unit price of exports and, in this manner, increase earnings. This, together with import curbs, will help the island maintain a stable balance of payments position. An initial increase is expected shortly while the second award may be announced in the new year.

Mr. Lino Spiteri, Central Bank Deputy Governor, told industrialists that the growth in the unit price of imports rose by 25 per cent, while that of exports grew by only 8 per cent. The move could have mixed effects on Malta's attempts to earn her own keep following the loss of an annual M£28m (£35.6m) as a result of the closure of British military bases. Unless Malta's cost effectiveness is kept in balance it will be hard to continue attracting foreign investments.

Industrialists also fear that a substantial wage increase could erode the competitiveness of Malta-made products abroad. On the other hand the Government feels semi-manufactured and manufactured goods made in Malta are still competitive on the international market.

Hong Kong's exports upturn

Financial Times Reporter

HONG KONG'S domestic exports in July, valued at £449.91m, rose by 46.9 per cent over July 1978. Imports at £655.82m were up by 49.4 per cent and re-exports at £143.73m up by 69 per cent, the Hong Kong Trade Development Council said.

For the period January to July this year, domestic exports at £2.48bn rose by 36.2 per cent over the same period in 1978. Imports at £4.0bn were up by 38.3 per cent and re-exports at £934.39m were up by 56.9 per cent.

For the 12 months period August 1978 to July 1979, domestic exports at £4.2bn rose by 31.2 per cent over the August 1977 to July 1978 period.

Small rise in ship orders

By James McDonald

THE VOLUME of merchant shipbuilding tonnage on order rose slightly during the second quarter of this year by 273,000 tons to 25.36m tons—the first increase since March 1974.

Lloyd's Register returns say that on the basis of these orders, representing about 21 months of work at current levels of output, almost 43 per cent of the world order book is scheduled for delivery by the end of 1979.

Approximately 4m gross tons of new orders were reported during the second quarter, slightly more than the 3.5m tons of shipbuilding output during the same period.

At the end of June Lloyd's Register lists 1,877 ships of 13.9m gross tons under construction (excluding the USSR and China) 1.1m tons less than at the end of the first quarter.

Ericsson deals

By John Walker in Stockholm

THE SWEDISH L. M. Ericsson telephone company has been awarded orders worth SKr 35m (£3.74m) for signalling equipment by the Norwegian and Swedish state railways.

The equipment for Norway will be installed in the country's main line tracks. The Swedish order incorporates equipment based on microdata equipment similar to that already supplied and fitted to the railway network in the greater Stockholm area.

£300m Australian smelter gets joint foreign backing

BY JAMES FORTH IN SYDNEY

A CONSORTIUM led by Comalco, the Australian Aluminium Group, has signed an agreement committing it to a A$600m (£300m) aluminium smelter in Queensland. The group promptly gave notice that it planned to double the size of the project.

Gladstone Aluminium has been formed to operate a 206,000-tonnes-a-year smelter, starting at 103,000 tonnes in 1982 and reaching full capacity in 1983. The participants are Comalco, with a 30 per cent ownership, Kaiser Aluminum and Chemical Corporation of the U.S. 20 per cent; Sumitomo Light Metal Industries 17 per cent; Kobe Steel 9.5 per cent; Mitsubishi 9.5 per cent; Yohida Koyo 9.5 per cent; and Sumitomo Aluminium Smelting 4.5 per cent.

Comalco will manage the smelter and has contracts to supply its alumina requirements. The plant will use Sumitomo technology, which reduces the electricity requirements. A go-ahead had been expected for the smelter, which was under investigation for several years. The final agreement was signed in Tokyo on Monday, but at the same time the Queensland government was given a letter of notice outlining plans to double the size of the project and its likely future power needs.

The additional capacity would be added progressively between 1985 and 1989 and would cost another A$400m. The bulk of the doubled capacity is expected to be allocated to Comalco, which would hold the "majority interest" in the venture when it is fully expanded.

The smelter proposals will probably call for an expansion of the Gladstone alumina refinery, in which Comalco and Kaiser are shareholders, to meet the plant's requirements. The boost to the Gladstone smelter is the latest in a surge of new aluminium projects which could cost close to A$3bn and boost annual Australian output from 270,000 tonnes of metal to about 1.5m tonnes by the late 1980s.

UK exports to Nigeria 'encouraging'

By Frank Gray

BRITAIN'S exports to Nigeria for July totalled £54m, showing a further steadying in the movement of goods between Britain and its largest African trading partner.

This was still far below the average monthly figure of £94m for 1978, when Britain's exports to Nigeria totalled £1.1bn. Over the first seven months of this year, the export total was £291m.

The Department of Trade said, however, that it was "encouraged" by the combined June and July figures of £53m and £54m respectively, as they showed a marked improvement of Britain's export position with Nigeria from earlier in the year, when monthly exports dropped to between £26m and £28m between February and April. The export decline was attributed to severe import constraints imposed by the Nigerian Government aimed at improving the country's overall balance of payments.

Alcohol VW for Brazil

BY RIK TURNER IN SAO PAULO

HERR WOLFGANG Sauer president of Volkswagen do Brasil, announced that the company will start the production in series of the new alcohol-driven Passat in the first week of September.

Certain differences between the new engine and VW's traditional petrol engines have been introduced due to the highly corrosive nature of alcohol.

The new engine will have more resistant materials in the fuel system, and the new fuel's higher combustion temperature (78 degs. C. as against the 30-40 degs. C) required by petrol necessitated a special mechanism for cold starts.

Herr Sauer explained that, until there is sufficient alcohol and the necessary infrastructure for its distribution, the alcohol-powered cars will be produced exclusively for Government departments.

● SIEMENS, the West German electrical group, has confirmed that it has received a contract for around $250m to deliver telephone equipment to the Philippine Long Distance Telephone Company (PLDT).

The contract calls for Siemens to upgrade the Philippine telephone network with new equipment, including its EWS electronic dialing systems.

Official announcement of the contract comes about two weeks after Siemens spokesmen confirmed they were the unnamed German company mentioned in press announcements of $307.3m Euroloan to PLDT.

Danes to build Alaskan yard

By Hilary Barnes in Copenhagen

DANISH SHIPBUILDERS, Burmeister and Wain, expects shortly to conclude a contract to build a $10m turnkey shipyard at Seward, Alaska, which will be used for the construction and repair of fishing vessels.

The yard will be constructed on new principles. The vessel will move forward according to the conveyor belt principle instead of remaining stationary in a dock during the construction process. This will save internal transport costs, which are one of the major costs in a conventional shipyard.

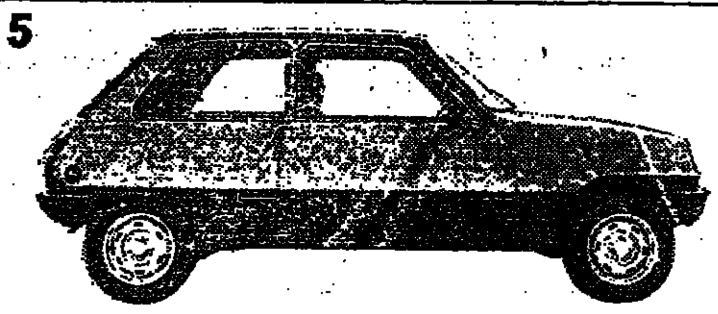
The Seward yard will also provide Alaska fishermen with a repair yard for the first time. At present they have to sail to Seattle or California ports for major repairs.

هكذا من الأصل

HOW TO MAKE A SHEIK SHAKE.

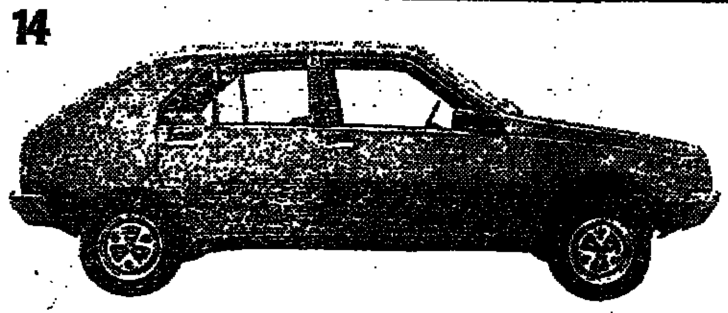
	IMPERIAL MPG			METRIC 1/100 KM		
	URBAN	56 MPH	75 MPH	URBAN	90 KM/H	120 KM/H
RENAULT 5 GTL	**34.5**	**51.1**	**38.9**	**8.2**	**5.5**	**7.3**
FORD FIESTA 1.1 (HC)	32.1	47.1	33.6	8.8	6.0	8.4

5



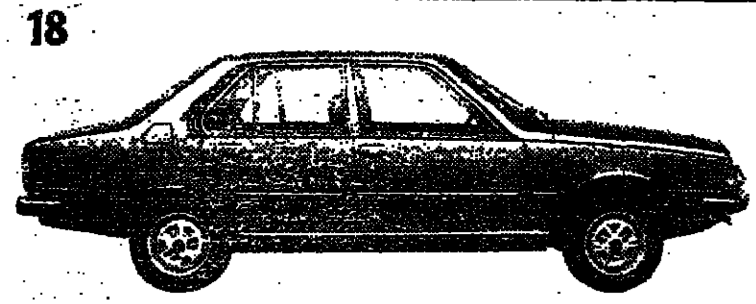
	IMPERIAL MPG			METRIC 1/100 KM		
	URBAN	56 MPH	75 MPH	URBAN	90 KM/H	120 KM/H
RENAULT 14 GTL	**31.0**	**44.1**	**31.7**	**9.1**	**6.4**	**8.9**
FORD ESCORT 1300cc (HC)	31.0	43.5	33.2	9.1	6.5	8.5

14



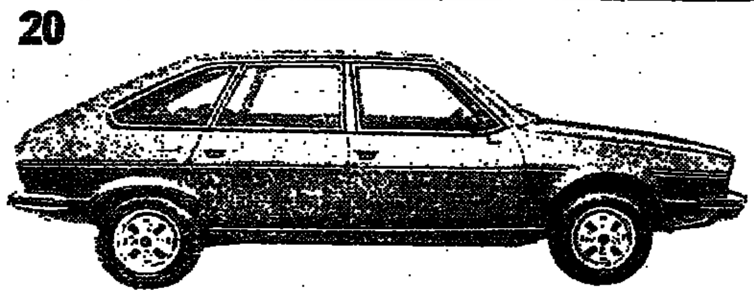
	IMPERIAL MPG			METRIC 1/100 KM		
	URBAN	56 MPH	75 MPH	URBAN	90 KM/H	120 KM/H
RENAULT 18 GTS (5 sp)	**28.5**	**46.3**	**34.5**	**9.9**	**6.1**	**8.2**
FORD CORTINA 1600 (ECON)	26.4	37.7	29.4	10.7	7.5	9.6

18



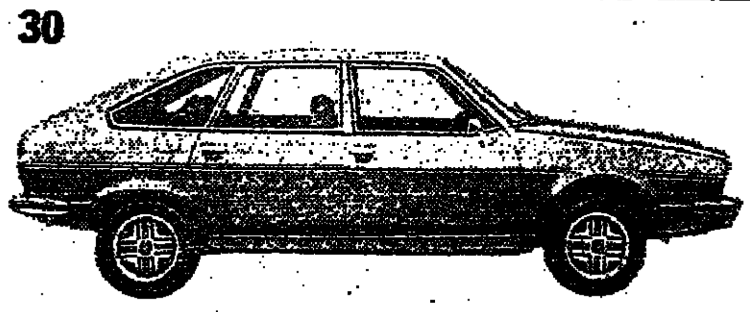
	IMPERIAL MPG			METRIC 1/100 KM		
	URBAN	56 MPH	75 MPH	URBAN	90 KM/H	120 KM/H
RENAULT 20 TS	**22.8**	**36.7**	**28.5**	**12.4**	**7.7**	**9.9**
FORD GRANADA 2.0	21.6	34.5	26.4	13.1	8.2	10.7

20



	IMPERIAL MPG			METRIC 1/100 KM		
	URBAN	56 MPH	75 MPH	URBAN	90 KM/H	120 KM/H
RENAULT 30 TX AUTO	**18.5**	**31.7**	**24.4**	**15.3**	**8.9**	**11.6**
FORD GRANADA 2.8i (AUTO).	18.8	29.1	23.9	15.0	9.7	11.8

30



If the members of the oil producing countries hoped to get rich by putting petrol prices up, to over £1 a gallon, they'll be furious when they see the official government mileage figures.

In fact they'll be shaking with rage.

Because instead of guzzling petrol in great gulps the Renault range are merely sipping it.

Just look at the figures compared to those of our biggest rival.

They mean that everyone buying a Renault is going to be saving petrol and money.

And that probably wasn't what the Sheiks had in mind.

Still, maybe that is why Renault sales usually go up with the price of petrol.

SAVE PETROL AT YOUR RENAULT DEALER.

Prestel trial to test market

AN INTERNATIONAL trial of Prestel, the Post Office's viewdata system, is to be held to test the potential market among foreign businessmen.

Businessmen in seven countries will be able to take part when the trial begins later this year. They will have access through television sets to the Prestel computer information banks.

The Post Office claims the Prestel system has already put Britain ahead of any other country in the mass marketing of electronic information since the first public system started in London last March.

Mr. Peter Benton, managing director of Post Office telecommunications, said yesterday: "We are not yet certain that a full Prestel international service would be a viable proposition, but there has been sufficient interest in the prospect to justify launching a market trial.

"It will give us practcial experience in resolving the many technical, social, and legal problems associated with moving Prestel from the national to the international arena.

Evaluation

The trial will be open to selected users in Australia, West Germany, Holland, Sweden, Switzerland, and the U.S. as well as Britain.

A six-month evaluation of the potential market for an internatiolal service has been carried out for the Post Office. Logica, which handled the survey, has now been commissioned to help with the trial which is expected to last for a year.

During the trial, a decision will be made on whether or not to start a permanent international service. It would require an international multilingual databank.

Discussions are also being sought by the Post Office with the telecommunications authorities of the other countries selected for the trial.

● The centenary of Britain's first telephone exchange was marked yesterday when Mr. Ken Ford, director of London Post Office telecommunications, unveiled a plaque on the site of the Coleman Street exchange which is occupied by a bank.

Plutonium deaths claims investigated

FINANCIAL TIMES REPORTER

THE DEFENCE MINISTRY is considering claims by the families of two men who died recently after years of work at the Aldermaston nuclear weapons research plant where uranium and plutonium are handled to maintain the UK's nuclear deterrent.

These are among more than 50 claims on behalf of people allegedly exposed to plutonium at Aldermaston. Last year cases of inhaled plutonium which, in sufficient quantities, can cause lung cancer and leukemia, were discovered.

The families of the dead men believe that they died of cancer caused by plutonium absorbed into their bodies. Mr. Ken Cummins, 49, died on August 10, and Mr. Bert Newman, of Tilehurst, Reading, on August 16.

The Defence Ministry yesterday declined to speculate on the causes of the two men's deaths, noting simply that the families had alleged some degree of over-exposure to radiation.

Inquest

Mr. Bob King, chairman of the joint shop stewards' committee at Aldermaston, said that many people died of cancer and not all deaths could be attributed to radiation. "The experts will have to establish whether radiation was responsible in these two cases," he said.

An inquest into Mr. Cummins's death has been adjourned for at least two months while parts of his body are examined at the atomic research centre, at Windscale, Cumbria. Last September, a test showed that the amount of plutonium in his lungs was three to four times more than the safety level.

Both men are said to have worked in the "active area" where uranium and plutonium are handled to maintain Britain's nuclear deterrent. Last year, part of the plant was closed following the publication of the Pochin report on health and safety at Aldermaston. It is being reopened in stages as the recommendations of the report are carried out.

Lothian council to finance first UK Chair of microelectronics

BY RAY PERMAN, SCOTTISH CORRESPONDENT

LOTHIAN Regional Council agreed yesterday to finance the establishment of the UK's first Chair of Microelectronics at Edinburgh University and to pay for a new initiative to help firms apply new technology to their own activities.

The scheme, to cost the council £70,000 a year for the next five years, will work through The Wolfson Microelectronics Industrial Institute, which although linked to the university raises most of its own funds through contracts consultancy and design work for private companies.

The move is an unusual one for a local authority and was discussed extensively between the political parties and with trade unions and the Government.

It is intended to build on the strong base the region already has in microelectronics research and manufacturing and to help local firms in other industries—such as engineering, brewing, and printing—to improve their performance by using microprocessors.

The new Professor of microelectronics will be appointed by next April. In addition to teaching and research work, he will have the responsibility of furthering the links between the university, industry and schools. A science specialist from the regional educational department is to be trained in microelectronic techniques.

The Wolfson Institute will use its share of the money to set up a new microprocessor development laboratory and recruit three additional engineering specialists and support staff.

Dr. David Milne, the Institute's director, said many businessmen knew of the advances in electronics technology through Government sponsored seminars, but were now wondering how they could apply microprocessors in their own companies.

Enterprise zone plans studied

WHITEHALL IS pushing ahead with plans to create selected industrial "enterprise zones." Interdepartmental committees have been set up to investigate the idea, which was floated last summer by Sir Geoffrey Howe when he was Shadow Chancellor.

The zones would offer the the minimum of red tape on planning, safety and pollution and possible exemption from some taxes, such as rates and corporation tax.

They would be established in depressed industrial areas such as Merseyside, Glasgow and the London dockland, with the aim of attracting entrepreneurs.

Whitehall officials say no decision has yet been taken on whether the zones will go ahead. Legislation is unlikely to be introduced before the end of next year.

However, three or four Treasury officials are studying the possibilities. More work is under way in the Department's of Employment, Industry, Environment, the Inland Revenue and the Central Policy Review Staff.

Serious security loopholes exposed

BY ROGER BOYES

IF THE IRA could slip through the regular plain-clothes guard around Lord Mountbatten, how will the police be able to guarantee the safety of the Pope when he visits the village of Knock in nearby Co. Mayo later this month? This was the question being asked yesterday by shocked residents of Mullaghmore and by politicians.

The blue-shirted Garda police were out in force in the village yesterday, diligently steering well-wishers, sightseers and journalists away from the scene of Lord Louis Mountbatten's murder. But the heavy police presence could do little to disguise the fact that the IRA had exposed serious loopholes in the security blanket around the Queen's cousin.

Lord Mountbatten led a very relaxed existence during his annual holidays in Mullaghmore. He was keen to establish contact with locals and was often impatient with the supporting police protection.

This created considerable problems for the Garda and opened up weak spots in the police vigilance. Thus the Garda, which regularly searched the old boat for bombs, evidently missed the explosive. "He was," said a resident "an easy target for any terrorist. He just didn't think about it." ...

The wider problem is that of Ireland's anti-terrorist laws. Are they tight enough to deter terrorist sorties from Northern Ireland? The murder in 1976 of Mr. Christopher Ewart-Biggs, the British Ambassador, led to a tightening of security laws including increased penalties for terrorist offences and wider powers for the army and police in interrogation.

But there may well be pressure now to extend police powers to detain a suspect for questioning from two to seven days.

The incident looks set to deal a serious blow to Ireland's £400m tourist industry. Half of Ireland's tourists came from the mainland with a large section from Northern Ireland. Hotel keepers and police report that many tourists broke off their holidays in Mullaghmore on Monday night after they heard of the murder.

Mr. John Taylor, an Ulster Unionist member of the European Parliament, said that the murder was a sign of anti-British feeling in the Republic. "In particular it is foolhardy for leading citizens of Britain to visit the South of Ireland." In spite of "Brits out" slogans daubed on walls and hewn in cliffs, locals are adamant that they are not particularly opposed to the British.

Many home buyers face long delays

By Michael Cassell

MANY potential house buyers are being told they must wait until February for the chance of a home loan, according to Bernard Thorpe, the estate agents.

A survey conducted by the agents during the past week reveals that the normal waiting period for a mortgage is between two and three months, although some of the largest societies in the country are advising applicants to "come back after Christmas."

The survey also shows that August has been a much quieter month than is usual at this time of year. More houses are coming on to the market but they are taking "very much longer to sell," according to Bernard Thorpe.

The agents also say that people wanting to "trade up" and buy a larger house are being disappointed, in spite of the fact that they feel they can afford it. One office of the company reported that half the potential buyers were being told they had "no chance" of a loan because building scocietes were classifying them as "non-essential" movers.

A spokesman for the agents said that many area offices reported a big increase in the number of properties on their books and said many house sales were "hanging fire."

"Vendors who were thinking that prices would just keep on going up and up now realise that, for the time being at least, prices are not going to rise very much more," he added.

Closure blamed on recession

A HULL engineering company, Charles D. Holmes, which employs 200 men, is to close over the next three months unless a buyer is found. The company blames the general recession in the engineering industry.

Holmes was founded in 1869 and had a worldwide reputation as marine engineers. It built steam and diesel engines for Humberside trawlers and tugs.

IRA killings may persuade U.S. to sell guns to RUC

BY DAVID BUCHAN IN WASHINGTON

THE FRESH surge in IRA violance could persuade the Carter Administration to resume sales of guns and ammunition to the Royal Ulster Constabulary.

State Department officials commented privately yesterday that the Mountbatten killings would probably speed Washington's Northern Ireland policy review and lead to an early resumption of sales.

Bowing to Congressional pressure, the Administration announced a suspension of any sales to the RUC while it reviewed its policy towards the Ulster problem, including the human rights situation there.

The argument of leading Congressmen, including House Speaker Mr. Thomas O'Neill, has been that such sales to the Ulster police by the Administration undermine their condemnation of the flow of guns and money from the U.S. to the IRA—though this has declined in recent years.

Mr O'Neill yesterday called the murder of Earl Mountbatten of Burma "a reprehensible act." He said in a statement: "We Irish-Americans must reject those who seek to unite Ireland through the use of violence and renew our commitment to achieving a peaceful resolution of the problems of Northern Ireland."

American newspapers yesterday gave banner headlines to the killing of Lord Mountbatten and 18 British soldiers in Ulster on Monday. President Carter said he was "shocked and saddened" by the news.

The New York Times carried a full-page obituary of Lord Mountbatten yesterday while other newspapers printed pictures of him with Second World War luminaries such as Gen. George Patton. This served to remind Americans, if reminder were needed, that the Ulster civil war is no nearer resolution after 10 years of killing.

In fact, leading Irish-American politicians have recently stepped up their public expressions of concern about the lack of progress towards a political settlement in Ulster.

The Washington Post commented, in an editorial yesterday: "Britain has showed a degree of resentment at the unrequested advice that it has recently been getting from American politicians.

"But it is necessary to say that this transatlantic nudging springs from a deep anxiety in this country that the British Government has abandoned all political initiatives as equally hopeless.

"It seems to have decided grimly to leave the Army to do what it can in Ulster, while the rest of Britain gets on to more rewarding things."

Security forces search debris of a wrecked lorry after explosions which killed 18 soldiers at Warrenpoint, County Down, on Monday

Tragic murder says the Pope

BY LISA WOOD

THE POPE sent a message yesterday to the Queen denouncing the killing of Lord Mountbatten as a "tragic murder" and "an act of shocking violence."

Tributes and condolences have poured into London since Lord Mountbatten died on Sunday in one of two attacks by members of the Provisional IRA. The death toll for the two incidents, one on an Army patrol in Northern Ireland, had risen to 23 last night.

The Pope said: "I offer to Your Majesty my sincere condolence on the tragic death of Lord Mountbatten, a courageous man whose death causes great suffering to the Royal Family and to all the nation.

"This act of shocking violence is an insult to human dignity, and I firmly condemn it, together with the other acts of violence yesterday that caused death and brought suffering to many families."

The news of Lord Mountbatten's death provoked a swift response in Burma. The Burmese Government declared three days of national mourning and ordered flags to be flown at half-mast on all Government offices and public buildings.

After Burma gained independence from Britain in 1948, she awarded Earl Mountbatten her highest civilian decoration of "Upholder of Honour and Justice."

In India the country began a week's official mourning.

At the Uttar Pradesh State Assembly in northern India Mr. Banarasi Das, Leader of the House, said it was Lord Mountbatten's great quality of statesmanship that enabled the transfer of power from Britain in 1947 to be achieved "in a cordial atmosphere."

Mr. Lee Kuan Yew, Prime Minister of Singapore, said he mourned because the Earl had died in such a senseless way.

In a message to Lady Pamela Hicks, Lord Mountbatten's daughter, he said he first saw Lord Mountbatten when, as Supreme Commander Allied Forces in South-East Asia he took the surrender of the Japanese in Singapore in September 1945.

"I grieve more that younger people should also have died, and that others should have been badly injured, all because terrorists sought the headlines through your father's justly famous name," said Mr. Lee.

Mr. Malcolm Fraser, Australian Prime Minister, said the killing was a "violent and callous act of terrorism."

Mr. Robert Muldoon, Prime Minister of New Zealand, said his countrymen deplored the murderous act which ended the life of a man who at no time marked it by any ignoble deed.

Other messages from the Commonwealth included tributes from Canada, Zimbabwe-Rhodesia and Kenya.

Condolences from the Continent included messages from Mr. Roy Jenkins, President of the European Commission; the United Nations Human Rights Sub-commission; King Baudouin of Belgium; and President Giscard d'Estaing of France.

The Soviet news agency Tass reported the death of the Earl in an explosion but made no mention of responsibility for the murder being claimed by the Provisional IRA. China's official news agency reported the murder without comment.

Haringey parkland walk approved

PLANS FOR a parkland walk along a disused railway line in North London have been endorsed by Mr. Michael Heseltine, Environment Secretary. He has turned down plans for housing development along the line.

An inquiry was held in July last year into proposals by Haringey Council to redevelop a mile and a half of the former Finsbury Park to Highgate railway line and adjacent land.

The inquiry inspector recommended that permission should be granted for the change of use of railway land to open space and for housing development on land in Stanhope Road; and that permission should be refused for other housing development proposals.

£25,000 for Essex company

PATEY DOYLE (Publishing) of Essex has received £25,800 back from the Post Office.

The money was refunded for trebling its business with the Post Office over the last year.

BBC licence fee decision passed to Home Office

BY PETER O'CONNELL

THE BBC is to leave it to the Government to decide the outline of its television programming over the next 10 years.

Mr. Alisdair Milne, managing director of BBC TV, which has a £43m overdraft, said yesterday he no longer intends to specify to the Home Office the size of licence fees the BBC needs to fund its broadcasts from 1980-1981 onwards.

"We have put forward a 10-year plan with a whole range of developments enriching the evenings, developing BBC 2 in the afternoons and both BBC channels later at night," he said.

"We have not asked the Home Office for a specific licence fee increase, but given it the 10-year rolling programme, with estimated costs, and left it to the Home Office to decide what shall be shown on TV within the budget.

"I am asking the Home Office for the first time in the annual negotiations over the BBC's income: Do you agre with us about what we want to do? If it agrees that the plans are sensible, the licence fee should follow to bring them about."

The plan, submitted by the BBC, is to have another 250 programme-hours on top of the 6,500 broadcast in 1979-80.

The new tactic is similar to that mounted by the BBC External Services which has left it to the Foreign Office, responsible for funding the World Service from taxation, to choose what services are to be cut.

Mr. Milne, who has to complete negotiations by November, also suggested that licences be paid monthly. Monthly stamps, bought at post offices as a contribution towards the annual fee, are used by 4m people.

Explaining why the BBC had not taken advantage of ITV being off the air, Mr. Milne said: "We have been beaten about the head for not changing our summer schedule. But no one had any idea that the strike would go on this long.

"The key is that we don't have the production in depth we had 10 years ago, and if we had brought shows forward we would have been in trouble in the spring."

The BBC also feared the reaction of broadcasting unions to any extra programmes which might invite the charge that the BBC was strike-breaking.

Conversation

The BBC's £12m package for autumn unveiled yesterday includes a six-week series featuring Mrs. Shirley Williams, Education Secretary in the last Labour Government, in conversation with other politicians.

Starting on September 27, she interviews Mr. James Callaghan, Lord Scanlon, former engineering union leader, and Mr. Michael Manley, Prime Minister of Jamaica.

Another current affairs programme will be Question Time, television's version of Radio Four's Any Questions, with a studio audience and a panel of four. Robin Day will be in the chair.

Managers attack plan to cut tax perks

BY DAVID FREUD

THE GOVERNMENT'S proposal to review the present system of taxing company cars as fringe benefits was badly timed, the British Institute of Management said yesterday.

The Inland Revenue's recent consultative paper on taxing company cars and petrol had done much to dampen the enthusiasm and expectations raised by tax reductions in the Budget, the institute said.

"The argument that reductions in income tax justify a reduction in untaxed benefits is particularly difficult to sustain at the middle and senior management level, where the narrowing of differentials in real purchasing power has been most severe," said the institute.

The Budget improvements in the take-home pay of managers were not a convincing enough argument in favour of singling out car benefit in the attack on less responsible fringe benefits.

"A piecemeal assault on the whole field of fringe benefits, most of which are already assessed and taxed, is inadvisable. Better understanding by management, the trade unions and government, leading to a comprehensive approach in line with the Government's tax reduction programme, would reduce the danger of creating still more anomalies in this very complex situation," the institute concluded.

Co-op Union claims to speak for consumers

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE CO-OPERATIVE UNION has made an attempt to be considered the voice of consumers in national affairs. The Union is the national co-ordinating body for the co-operative movement.

The union's claim to be regarded as an alternative voice to both the TUC and CBI in determining economic policy is made in the latest issue of its official journal.

The journal says the attention focused on the Union over the attempts to create a national co-operative trading organisation "is long overdue recognition of the Union's rightful position as 'The Third Man' in the economy."

Mr. Lloyd Wilkinson, the Union's general secretary, said yesterday that the Union believed that "the nation's economic affairs would be better arranged if the views of the Co-Operative Union were sought in the same way as those of the CBI and TUC."

The Union spoke "for 10m consumers who are members of our federated societies and we represent an aspect of public ownership that offers a stimulating alternative to outright nationalisation."

But the Union's attempt to represent consumers in national economic debate will be hotly disputed by the National Consumer Council which has already publicly stated its claim to campaign on behalf of the consumer in economic matters, and last year published an economic manifesto detailing its views.

And the Union's claim to speak on behalf of consumers was weakened by the publication yesterday of statistics about the Co-op's retailing performance last year.

The figures, published by the Union, show that in spite of an increase in turnover of 12.2 per cent in 1978, the Co-op's share of retail sales declined from 7 per cent in 1977 to 6.8 per cent last year.

Mr. Garth Pratt, the Union's economic and research officer, admits that this decline in performance is "uncomfortable, because it is clearly our market share which demonstrates publicly our claims to be a major champion of the consumer, and is the credibility behind our social, educational and political aspirations."

SNP conference 'must examine party's role'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE 45TH ANNUAL conference of the Scottish National Party next month will have to carry out a thorough examination of the organisation and role of the party, Mr. William Wolfe, the retiring chairman, said yesterday.

The conference was to have taken place in April, but had to be postponed because of the General Election.

Nine of the party's 11 MPs lost their seats, and since then opinion polls have shown support falling to 12 per cent, compared with 29 per cent for the Conservatives and 47 per cent for Labour.

Membership and income from subscriptions have also dropped, and several head office staff have had to be made redundant.

A number of influential members of the party believe that the party should take a more radical stand on economic and political issues in order to appeal to the mass of Scottish urban voters who continue to support the Labour Party.

They include Mr. Stephen Maxwell, who is a candidate for the chairmanship, and Mrs. Margo MacDonald, who is standing for re-election as senior vice-chairman.

A group within the SNP, known as the 79 Group, has been formed to support them. But its members are likely to face strong criticism from some delegates for endangering party unity.

The role of MPs is also likely to come under scrutiny, after a period of in-fighting betwen the executive and the Parliamentary group over policy-making.

The conference opens in Dundee on September 13.

● NEWS ANALYSIS—PETER RIDDELL STUDIES THE ROLE OF THE TREASURY'S ECONOMISTS

Howe looks outside Whitehall for new chief

THE SEARCH for a new chief economic adviser to the Chancellor has coincided with a wide-ranging reappraisal of the work of the Treasury's economists.

The determination of Sir Geoffrey Howe, the Chancellor, to give a new direction to the Treasury's economic work is highlighted by his decision to look outside Whitehall for a successor to Sir Fred Atkinson, who is due to retire as chief adviser and head of the Government Economic Service on his 60th birthday in December.

The broader review was triggered by the arrival of a new team of Ministers with very different ideas about economic policy-making from those generally accepted within the Treasury for the past 20 years.

But there has been dissatisfaction for some time with the present arrangement on the economic side. Indeed, one of the main candidates for the chief adviser's post—Professor Jim Ball of the London Business School—two years ago chaired an official committee which was critical of the Treasury's apparent failure to be open with outsiders.

The previous Labour Ministers believed that the economic side's work lacked coherence and direction. In part this has reflected intellectual divisions about how the economy works within the British economics profession which are much more marked in the UK than elsewhere in Europe, if not in the U.S.

The Treasury is in no case monolithic but it has been regarded as one of the main strong holds of neo-Keynesian views about managing the level of demand in the economy.

Consequently the Treasury has appeared sometimes on the defensive in face of the resurgence of monetarism with its rejection of the fine-tuning of demand and emphasis instead on the medium-term control of the money supply. But monetarist influences have recently become more influential within the department.

All these points are not a criticism of the economists themselves, who are mostly thought to be of high quality. About 60 are employed throughout the Treasury out of 400 in the Government Economic Service as a whole.

The current review is concentrating on the work of the forecasters. The specialist economists spend a lot of time on policy analysis and the medium-term assessment but—in the words of Professor Ball's committee—the work of the chief adviser's sector revolves around the macro-economic model.

There are now three forecasting rounds a year, each involving a fairly rigid six-week timetable. The resulting projections are traditionally treated as of major significance in reaching Budget and other decisions.

The Treasury's forecasting record is quite good, at least by comparison with most outsiders. However, it has been increasingly argued that the Treasury's model is too big and complicated for any one person to understand and be able to present clearly.

For instance, there are 583 equations in the Treasury's computerised model compared with 284 in the London Business School's version and 194 in that of the U.S. Federal Reserve Board.

Consequently, there is some hankering for the days—little more than a decade ago—when all the calculations were done almost on the back of an envelope.

The classic defence of forecasting was given by Sir Douglas Wass, the Permanent Secretary of the Treasury, in his Johnian Society lecture of February, 1978. He argued: "One will often find that a suggested alternative approach to policy simply means, in effect, deriving implicit forecasts by less careful and less checkable methods.

"The existence of errors should be a spur to more research and to attempts to understand better the working of the economy rather than a justification for abandoning forecasting."

The critics have argued that the forecasting side should be slimmed down with fewer people who know more about what is happening. An additional, though subsidiary, reason for the review is the search for economies in order to keep costs within cash limits.

It has been pointed out, for example, that two years ago operation and research on the Treasury's forecasting model involved 20 people and total costs of £600,000 a year.

This compared with £360,000 total spent on this work by the National Institute of Economic and Social Research and the London Business School.

A key influence is the general scepticism of the Tory Ministers about the style of interventionist economic management dependent on such forecasts.

In his June Budget speech the Chancellor went out of his way to question the reliability of the "conventional forecasting arithmetic" and the associated language of "neo-Keynesian economists."

Sir Fred Atkinson: Retires in December.

The desire to redirect the priorities of the Treasury's economists has been reflected in the discussions over the choice of chief adviser. The shortage of suitable internal candidates was highlighted in 1976-77 when Sir Bryan Hopkin worked on a part-time basis as chief adviser before Sir Fred was eventually appointed.

In considering outside candidates, the Chancellor is apparently determined to find someone who will be respected by the existing staff.

The first choice of a number of top Treasury officials is apparently Professor Ball, who is principal of the London Business School and was closely involved in the early work on forecasting in the UK.

The other serious possibilities are Professor Terry Burns, head of the Business School's Centre for Economic Forecasting, and Mr. John Flemming of Nuffield College, Oxford.

Some officials have apparently argued that these two, who are in their late 30s, are too young for a post they could theoretically fill for 20 years. This view is rejected by others involved in the discussions since a new chief adviser could be offered a contract for, say, five years.

A decision is likely to be made by the end of October and the appointment will be taken, both inside Whitehall and in the economics world generally, as an important indicator of how the Tory Ministers want the Treasury's economic side to develop.

Bacon factory takeover imminent

BY CHRISTOPHER PARKES

A CONSORTIUM of Aberdeenshire farmers expects to complete its takeover of the Lawson bacon factory in Dyce "within the next fortnight," Mr. Douglas Cargill, the farmers' leader, said.

They have raised almost half the £2.5m asking price and are awaiting a Scottish Development Agency pledge to cover the balance with public money.

More than 200 local farmers last week agreed the ground rules for establishing a co-operative to act as the factory's procurement agency. They will contribute £500,000 of the necessary funds.

North Eastern Farmers, a well-established co-op, had already promised £500,000 and Mr. George Morley, the recently suspended director of FMC, Britain's biggest bacon curer, has offered £100,000 of his own money.

Conflict

Mr. Morley, managing director-elect of the takeover company, was suspended from FMC's board to prevent "conflict of interest."

Mr. Cargill said the Scottish Development Agency had to satisfy itself that the factory could be run as a commercial proposition. He attributed delays to bureaucratic bottlenecks.

"There is nothing in any of the reports to show that we are are not commercially viable," he said.

The farmers' rescue attempt began in May when the factory's owner, Unilever, announced it was to close its pig killing and bacon curing lines.

The closure would mean the end of pig farming in the area, farmers claimed.

Unilever, informed of the rescue bid, extended its shutdown deadline from August to November.

New NCB offer on pit closures

FINANCIAL TIMES REPORTER

THE NATIONAL COAL BOARD is to seek a pit closures agreement with South Wales Miners' leaders in exchange for the go-ahead on a £142m investment in a new pit at Margam, near Port Talbot.

Mr. Phillip Weekes, the board's South Wales director, confirmed over the weekend that he hopes to gain Government approval by the end of the year for the new colliery. It would be capable of producing 1m tonnes a year of high quality coking coal suitable for feeding the nearby Port Talbot steelworks.

But the final go-ahead would depend upon the miners' union's formal agreement to a policy on pit closures.

The agreement the board has in mind is aimed at avoiding the kind of confrontation with the miners over the planned closure of deep Duffryn Colliery in Mid-Glamorgan earlier this year.

Implacable opposition from the NUM, which argued its reserves were not exhausted, and the threat of industrial action *eventually led the NCB to agree* to a conditional reprieve, but it still believes the colliery's productive life is over.

By all accounts, the board does not plan to tie the fate of specific pits to the go-ahead for the Margam colliery. But it will be seeking a written undertaking of flexibility over the closure of uneconomic pits, not least in order to release experienced miners for the Margam venture.

Decca wins £3m navigation contract

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE DECCA Navigator Company has won a £3m contract from the Ministry of Defence to supply Instrument Landing Systems (ILS) for RAF airfields in the UK, West Germany and Cyprus.

These electronic systems are widely used in civil and military aviation to help aircraft down on to runways in bad weather. The ILS to be supplied to the RAF will be of the latest standards, in which aircraft will be able to descend to only 50 ft above the ground before sighting the runway.

The Decca system is based on a design by Wilcox Electric (USA), which is widely used in North America and elsewhere.

The RAF order is for the supply of 31 systems, with an option on another 11. They will be installed at 25 RAF airfields in the UK, five in West Germany and one in Cyprus, over the next four years.

As well as supplying the RAF, Decca is now also actively seeking civil orders for the new ILS. It has a contract to equip Exeter airport, and hopes for further civil contracts soon, now *that thte product has been given a military order.*

The Decca ILS is expected to remain in service until about 1995, when it is expected that a new type of landing aid, the Microwave Landing System, will be introduced world-wide.

● SALES of computer and communications services by British Airways reached a record level of £2.4m in the year to last March 31, 60 per cent more than the previous year. A further rise in the current financial year is forecast.

There are now 68 users of BA's computer expertise worldwide, including 53 airlines and organisations such as American Express, Cunard, and Trust Houses Forte.

Yard acts on alleged telex swindles

SUSPECTED LARGE-SCALE swindles on the Nigerian Government by means of a telex fraud are being investigated by Scotland Yard.

Commercial squad officers are in contact with several banks in the City and West End to find if they have been involved. The Nigerians are reported to have stopped some telex messages from London until the problem has been cleared up.

The people involved are thought to have made contact with a telex clearing centre in Lagos through which official orders for bank payments in London can be processed.

By illicitly interposing bogus telex instructions, they managed to get funds diverted from their intended destinations to their own bank accounts. They used the names of dummy companies which had been set up for this purpose and are thought to have escaped with between £10m and £15m before the fraud was discovered.

But the full extent of the scheme may be much larger. It may be linked with the shipping "bills of lading" frauds which have netted £50m in the past two or three years.

The scheme came to light after some UK trading firms with Nigerian contracts found their bills had not been paid. No one suspected anything was wrong as Nigerian currency restrictions can mean delays of several months before some bills are settled.

But the problem now facing Scotland Yard is whether the swindle is confined to London or whether it has been perpetrated in other business centres.

Berni Inns in hamburger link

Financial Times Reporter

BERNI INNS, the steak house chain, said yesterday that its new partner in a fast food enterprise announced last week will be the American hamburger chain Wendy's International.

The first restaurant in the £1m venture will open in London in the spring.

Mr. Dick Turpin, managing director (trading) of Berni Inns, a subsidiary of Grand Metropolitan, said that the operation would not affect development of the steak house business.

Wendy's, third largest "fast food" chain in the world, has 1,690 hamburger restaurants in the U.S., Canada and Puerto Rico. Sales for 1979 were $783.4m.

Berni Inns has about 280 branches in the UK, with annual sales of about £100m.

OTHER MEN'S JOBS: FISH BREEDER

Sam Holland's char and chips

BY JAMES FRENCH

SAM HOLLAND is a fish farmer with a difference—he sells more fish eggs than fish. And 90 per cent of his sales are abroad.

Sam, a tall man in his mid-50s who talks with a Hampshire burr far softer than John Arlott's, got into fish-breeding almost by accident, 10 years ago. An aerospace designer who had worked for Vickers Supermarine and Boeing, among others, he saw that the industry was "backpedalling and the situation was not too healthy. It was all a bit of a rat race, so I decided to get out."

He plumped for what many would call an idyllic life—letting rods to anglers at Avington, a beautiful, sleepy, thatched-cottage village on the River Itchen in the sheep lands of Hampshire. But he found buying fish to replenish stocks on his waters too expensive, and decided to breed his own.

His business, Avington Trout Fishery, grew side-by-side with the still-expanding world business of fish farming, which seeks to produce new sources of food.

"Think of the advantages compared with deep-sea fishing," argues Sam Holland: "No major investment in ships and nets, no lives at risk, no battling against the elements, no competition at sea against other nationalities.

"The seas of the world are being fished out. The stock of everything, from whales down to anchovies, is fast diminishing. Farm fishing can solve many problems."

Mr. Holland is exporting about 30m fish eggs a year. They are crossbreeds of trout and other fish, including salmon, and are sexless, incapable of reproducing. Hence the continuing need for eggs.

"Trout crossbreeds can be made to taste any way you want them," he explains. "We can regulate the taste, texture, and colour. We can even simulate caviar by producing henfish whose eggs are the same size and of similar flavour, but we do not know if it would be commercially viable."

Mr. Holland's main custom lies in the U.S., Kenya, Italy and Spain, where fish farming is growing fast. He is negotiating a 3m egg deal with Sweden. He has travelled the world to sell his expertise—and to acquire interests in local farms so that he can supply eggs year-round. This is because, although the *breeding cycles* of fish are seasonal, by delaying the hatching time of eggs he has virtually doubled the natural breeding period of 26 days.

His headquarters is no longer at Avington. Last year he switched to Winterborne Houghton in Dorset in anticipation of EEC and U.S. health regulations. The Winterborne Houghton establishment is based on artesian well water and not, like Avington, on river water. Thus it is insulated from indigenous fish, and the risk of transmitted disease.

When Mr. Holland made the move he expected the business to advance to its full potential in about three years, based on a 25 per cent *annual* rate of output increase. But already it is operating at capacity and he has acquired two new artesian-based establishments in Dorset, at Iwerne Minster and Donhead St. Andrews.

After designing a system of concrete breeding ponds for Winterborne Houghton, with gravel bottoms, he is installing ponds with concrete bases at the new locations—"far easier for cleaning," he explains.

Disease control is all important, since disease could wipe out a farm's entire stock at a stroke, killing hundreds of thousands of fish. All Holland's eggs are certified disease-free—*Britain leads the world in fish* health.

The eggs are expected from Heathrow and Gatwick in polystyrene containers with sufficient ice to keep them cool for the journey. A difference of a mere one degree Fahrenheit can delay hatching by two days.

"We have not had one failure yet, though we did have one touch-and-go episode. A consignment to Kenya was taken on to Johannesburg in error. When they were returned it was the weekend, and there were no Customs services. When my client was able to collect it, it was at least three days overdue, and some of the eggs had hatched. But the bulk of the *delivery was in good condition."*

Before the eggs are packed they are graded and checked by a machine with an electronic eye that rejects all sub-standard produce: it deals with 100,000 eggs an hour.

Avington Trout Fishery's home business also includes fry—as in small fry—the first, infant stage after hatching, and the next stage, which are called fingerlings, and weigh 100 to the pound.

"The great thing about the trout is that it is one of the finest converters of food. By selective breeding we can manage to produce one kilogram of fish from 1.35 kg of food—this is almost twice the general conversion rate. The fish can exist on otherwise worthless protein—fish leftovers, converted grass and straw, and petroleum by-products. We are creating food for the world from waste materials."

Holland devised a new crossbreed strain. He named it cheetah—the inspiration came while big-game hunting on a break in a business trip to Kenya. Later he began to have doubts about whether people would really take to eating a fish named after a jungle animal, so now it calls it rainbow char.

Bred to reach weights between 8 lb and 13 lb, it can be sold as cutlets, freezer-packaged or in tins. Char and chips could well restore to the fish-friers the ground lost to Chinese takeaways, fried chicken, hamburgers and kebabs.

Tomorrow: The taxidermist.

Hugh Routledge

Mr. Sam Holland (left) of Avington Fish Farms, examines some brown trout with Mr. Roy Ward, his manager.

Perfume group seeks restraints on AUEW

BY ALAN PIKE, LABOUR CORRESPONDENT

THE Amalgamated Union of Engineering Workers' conduct of the national dispute in the engineering industry is to be challenged in the High Court today.

Golden Ltd., a perfume manufacturer, is seeking an injunction against the union. Sir John Boyd, its general secretary, and a local official in South Wales, where the company has its factory. The injunction seeks to restrain the AUEW from interfering with or causing economic loss to the company, and from inducing breaches of contract between Golden and its employees.

The AUEW and other unions in the Confederation of Shipbuilding and Engineering Unions are engaged in a nationwide overtime ban and a series of strikes in support of a national pay dispute with the Engineering Employers' Federation.

Golden Ltd. is not a member of the Engineering Employers' Federation but employs about 480 AUEW members at its Llantrisant factory.

Mr. Cyril Ashley, the company's chairman, said yesterday that the AUEW members were imposing the overtime ban and had taken part in the three national one-day strikes called by the Confederation in support of its claim. This was having an acummlative impact on the company.

"We are not in the engineering industry and, although we have a local agreement with the AUEW, are not party to a national agreement," said Mr. Ashley. "In these circumstances, we have been exempted from action in previous national disputes."

Mr Ashley said the company considered that it was, in effect, a third party to the engineering dispute and had decided to seek the injunction after taking legal advice.

The engineering unions are seeking a new national minimum craft rate of £80 per week and other improvements including a one-hour reduction in the working week this year.

A two-day strike is planned for next week and union leaders are likely to give approval for further two-day stoppages.

Unions defend quangos

BY GARETH GRIFFITHS, LABOUR STAFF

A TRADE union campaign to defend quangos was launched yesterday. Its organisers claim that if quasi-autonomous non-Governmental organisations did not exist, they would have to be invented.

The Association of Scientific Technical and Managerial Staffs and the Society of Civil and Public Servants have produced a joint document outlining the case for keeping the quangos. ASTMS has 3,000 members employed by quangos and the SCPS about 5,000.

Both unions argue that quangos provide greater flexibility than central Government departments, attract a wider range of staff and act as independent arbiters in politically sensitive areas.

The independence of quangos from direct Government control "has been one of the finest safeguards against Ministerial truculence and autocratic interference," they said.

Mr. Leslie Christie, SCPS assistant general secretary, said the unions put the number of quangos at about 500. They were not free to spend money as they pleased, and their powers were restricted by legislation which established them.

He said the unions wanted quangos to be answerable to the general public and Parliament, with annual allocation of funds through Parliament, regular reviews of policy and activities every five to six years, and greater staff and consumer involvement.

The unions agree with criticisms over the manner in which quango members are appointed and suggest advertising vacancies, and for candidates to be chosen by a Parliamentary select committee.

Among the quangos mentioned in the document which the unions say need independence to function properly are the Advisory, Conciliation and Arbitration Service, the Supplementary Benefits Commission, the Industrial Training Boards, Trinity House and the Medical Research Council.

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Search for dockers peace formula

INFORMAL talks were held yesterday in Liverpool in an effort to end the seven-week unofficial strike of 280 coastal dockers. Their action has halted freight traffic between the Mersey and the Irish ports of Dublin and Belfast.

Representatives of the Port Employers' Association, the Transport and General Workers' Union and shop stewards tried to prepare the groundwork for a full meeting on Thursday, when efforts will be made to find a peace formula.

The outcome will be reported to a mass meeting of the coastal men on Friday.

The men are claiming an extra £2.50-£3.00 a day for working weekends to give them parity, but the employers, the Mersey Docks and Harbour Company, has emphasised that no more money is available.

Plessey strike to continue

THE six-week-old unofficial strike of 600 engineers and technical staff at the Plessey Telecommunications headquarters plant in Liverpool is to continue. At a mass meeting in the works canteen yesterday, the men turned down a revised pay offer which the management had put forward last Friday.

The stalemate remains although the negotiating committee of the white collar union, ASTMS, went into session after the rejection. The men are claiming an extra 20 per cent and so far the management has offered 12 per cent.

Details of the revised offer have not been disclosed but it is understood to be a complicated one. Meanwhile 500 hourly paid workers remain laid off at the company's Huyton equipment plant.

Jobs protest halts launch of Polish bulk carrier

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE LAUNCH today of a Polish bulk carrier from the Ferguson yard of Scott Lithgow on the lower Clyde has been cancelled following a decision by the 5,000-strong workforce yesterday.

At a meeting in a local football ground the men voted to hold the ship—to have been named the Zgorzelec—as part of the industrial action by shipyard workers against redundancies and yard closures proposed by British Shipbuilders.

Since the plans were announced ten days ago one other launch, in the Robb Caledon yard, Dundee, has been cancelled. Work is being delayed by overtime bans, launches and sea trials on another 12 vessels in the Polish order. Although the details have never been made public, the contract is thought to impose heavy penalties for later delivery.

Shop stewards from the four Scottish yards affected by the closure plan and from Govan where [illegible] men are to be paid off, are to take part in talks in Blackpool this week between the nationalised shipbuilding corporation and leaders of the Confederation of Shipbuilding and Engineering Unions.

Mr. Duncan McNeil, convenor at Scott Lithgow, said the talks were for information and were not intended as negotiations. He described the mood of the Scott Lithgow workers as militant and angry.

Two minor yards in the group are to be closed and 750 jobs will be lost. The men overturned the recommendation of the shop stewards that the launch should go ahead and rejected a request from the management, supported by the shop stewards, for an increase in night shift working.

Mr. McNeil said another ship was waiting to come on to the slipway at the Ferguson yard but work need not be delayed as there was plenty of other space in the yard and under cover.

British Shipbuilders' board held its monthly meeting yesterday to discuss the proposed cuts. No formal statement was issued but it is understood board members plan to back the corporation's cutbacks.

New technology accepted

FOUR HUNDRED engine testers yesterday ended a three-week strike over the introduction of new technology at the Perkins diesel engine plant in Peterborough.

A mass meeting voted to return to work and start training on a £2m engine testing centre. The workers had stopped work over a claim for more money for operating the equipment and [illegible] production workers were laid off.

Mr. George Gilmour, works convener, said that the national executive of the AUEW had refused to make the dispute official and instructed its members to return because the management's latest offer was a reasonable basis for settlement.

A Perkins spokesman said last night: "We are now returning to normal production and expect to be back to full employment later this week."

Perkins normally turns out more than 1,000 engines a day, of which 85 per cent are for export.

Anger at ITV technology views

BY GARETH GRIFFITHS

THE ASSOCIATION of Cinematograph, Television and Allied Technicians has expressed surprise at the way the independent television companies have pushed the idea that more money would be available in return for an agreement on new technology.

Union officials are annoyed at the way in which Mr. Ron Carrington, labour relations adviser to the Independent Television Companies Association, made the suggestion in press interviews.

They are also puzzled at the companies' insistence that new technology agreements would not provide any basis for a settlement of the dispute.

Mr. Jack O'Connor, national television officer for the ACTT, said there had been no mention of new technology or changes in conditions during the negotiations. The suggestion indicated that many people in the industry were not aware of how new techniques worked and that it was not simply a case of reductions in film and camera crew.

COMPANY NOTICES

WOODSIDE PETROLEUM LIMITED

NOTICE OF CALL

Notice is hereby given that the First and Final Call of 25 cents (being all capital) on all the Partly Paid 1979 issue shares in the capital of the Company has been made due and payable at the Share Office of the Company, 25th Floor, 459 Collins Street, Melbourne on Tuesday 16th October, 1979.

Shareholders on the United Kingdom Register will be advised that payment may be made at the Branch Share Office Bank of Scotland, Registrar Department, 26A York Place, Edinburgh EH1 3EY, Scotland.

Shareholder Tax Rebate

The Company will make the necessary declarations under Section 160 ACA of the Income Tax Act to permit shareholders to claim the rebate of tax at the rate of 30 cents for each dollar of capital subscribed to the Company for offshore petroleum exploration or development activities.

SECRETARY.
WOODSIDE PETROLEUM LIMITED.

UNION CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

DECLARATION OF DIVIDEND No. 125

PAYMENT OF COUPON No. 130

The Directors have declared dividend No. 125 of 19 cents per share Republic of South Africa currency being an interim dividend in respect of the year ending 31st December 1979 payable to members registered at the close of business on 14th September 1979 and to persons surrendering coupon No. 130 detached from share warrants to bearer.

This dividend is payable in South Africa currency. Members with payment addresses in southern Africa will be paid from the Registered Office and warrants will be drawn in South African currency. Members with payment addresses elsewhere will be paid from the London Transfer Office and warrants will be drawn in United Kingdom currency; the date for determining the rate of exchange at which South African currency will be converted into United Kingdom currency will be 2nd October 1979. [illegible]

[illegible]

By order of the Board
per pro UNION CORPORATION (U.K.) LIMITED
London Secretaries
L. J. BAINES

London Secretaries: Princes House, 95 Gresham Street, London EC2V 7BS.
London Transfer Office: Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL.
28th August 1979

THE BROKEN HILL PROPRIETARY COMPANY LTD.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held in the Dallas Brooks Hall, Masonic Centre, Victoria Parade, East Melbourne, Victoria, Australia, on Tuesday 25th September 1979, at 2.30 p.m. The Register of Members of the Company will be closed on Monday 24th and Tuesday 25th September 1979.

By Order of the Board,
G. D. STEPHENSON,
Secretary.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NIPPON SHINPAN CO. LTD.

We are pleased to confirm that copies of the summary of the Consolidated Financial Statements for the year ended March 31, 1979 of Nippon Shinpan Co. Ltd., are now available to EDR holders, upon application, at the offices of the Depositary, Citibank, N.A., 336 Strand London WC2R 1HB, and the Agent, Citibank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg.

Citibank, N.A.,
London Depositary.
August 29, 1979.

SENNAH RUBBER COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Sixty-second Annual Ordinary General Meeting of the company will be held at 13 Rue Notre Dame des Victoires, Paris 75002, on Thursday, 20th September, 1979, at 11.30 a.m. to receive the Directors' Report and the Accounts for the year ended 31st December, 1978, to declare a Dividend, to elect Directors to appoint Auditors and for the transaction of any other ordinary business.

The Dividend recommended by the Board is of 40p per £1 share (gross) and, if approved at the Annual General Meeting, will be payable on 1st October, 1979, to members on the Register at 3.00 p.m. on 31st August, 1979.

Coupons No. 27 from share warrants to bearer may be presented, through an Authorised Depositary, to the London Paying Agents, Standard Chartered Bank Limited, Safe Custody Department, 38, Bishopsgate, London EC2N 4AH, for payment on or after 1st October, 1979, allowing three clear working days for checking. Coupons must be summarised on special forms which can be obtained in advance, from the bank. If dividends are being claimed from the London Paying Agents without deduction of United Kingdom tax for non-residents the coupons must be accompanied by affidavits.

By Order of the Board.
INDUSTRIAL AND FINANCIAL SECRETARIAT LIMITED
Secretaries
46, Bedford Row,
London WC1R 4LJ.
28th August 1979

In order to be entitled to attend and vote at this Meeting, holders of Share Warrants to Bearer must deposit their Share Warrants not later than 13th September, 1979, at the Registered Office of the company, 46, Bedford Row, London WC1R 4LJ.

Every Member entitled to attend and vote at the above mentioned Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him, and any such proxy need not also be a Member of the company.

THE CONVERTIBLE BOND FUND N.V.
Incorporated with limited liability in the Netherlands Antilles

SHAREHOLDERS IN THE FUND are advised that payment of a dividend of U.S. Dollars 0.18 per share has been approved by the Board of Management. This is an interim dividend in respect of the year ending 31st December, 1979, and consideration will be given to a final dividend at the end of the financial year.

Coupon No. 22 on bearer shares will be paid on presentation at the Offices of the Paying Agents on and after the 29th August, 1979. Distribution cheques will be posted to holders of registered shares on that date.

Copies of the interim report of the Fund for the period ended 30th June, 1979, will be available at the offices of banks and brokers from whom shares were purchased and at the offices of the Paying Agents.

By Order of
The Board of Management
Curacao
29th August, 1979

THE TOR INVESTMENT TRUST LIMITED

NOTICE IS HEREBY GIVEN that the Registers of the Preference Shares will be CLOSED from 8th to 21st September 1979 inclusive.

By Order of the Board.
J. TODD, Secretary.

CITY OF BERGEN

U.S.$10,000,000 5½% 20-YEAR EXTERNAL LOAN OF 1964

Bondholders of the above loan are advised that the annual redemption due on the 15th October 1979, i.e. U.S.$723,000 Nominal, has been effected by purchase. The outstanding balance of the Loan after this redemption is U.S.$4,254,000 Nominal.

HAMBROS BANK LIMITED
28th August 1979.

ART GALLERIES

ASH BARN until September 16. Summer Exhibition of Painting & Sculpture. Open 10-6, Sunday 2-6. Winchester Road, Stroud, Petersfield, Hampshire. Tel: 0730 3662.

BLOND FINE ART, 33, Sackville Street, W1. 01-437 1230. Summer Show — Arbuthnot, Ardizzone, Allinson, Baynes, Bell, Blond, Grant, Hodgkins, Milnes, Meninsky, Morris, Nash, Pank, Redpath, Suddaby, Wilde, Wolfe. Until 8 September.

FIELDBORNE GALLERIES. 586 3600. CONTEMPORARY ARTISTS OF THE ENGLISH SCHOOL.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floor shows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London W1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

EXHIBITIONS

ALL ABOUT THE NATIONAL TRUST. An exhibition in the visitors' gallery of the Stock Exchange, open every weekday from 10.30 a.m. to 3 p.m., until September 5. Admission free.

PUBLIC NOTICES

GREATER LONDON BILLS
£35m Bills issued 16.8.79 maturing 15.11.79 at 13.2964. Total applications £126m. Bills outstanding £60m.

LEICESTERSHIRE COUNTY COUNCIL
£4,000,000 Bills maturing on 28th November 1979 issued on 29th August 1979 at an average rate of 13 21-64ths per cent. Total applications amounted to £45m. These are the only Bills outstanding.

RESIDENTIAL PROPERTY

SHORTLANDS

Close to station, 25 minutes to Victoria. Spacious ground floor 2 bed, fully furnished, washer, dryer, fridge, cooker, dishwasher, garbage disposal, gas c/h. Garage. Immaculate grounds. Very quiet area.

£290 PER MONTH
462 1594

CHELSEA—Attractive Service Flat. 1 bedroom, 1 reception room, kitchen & bathroom. Available now minimum 6 months. Company Let £75 per week. 589 4948.

MARSH & PARSONS offer a good selection of houses/flats, long/short lets £60-£400 p.w. 5 Kensington Church St., W8. 01-937 9622/229 9769/603 9275.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Jason Crisp on a special overseas briefing centre

Laying the ghost of the pith helmet

"ON MY first day it will be very important to make a good impression; at the end of it I hope they will say: 'I think this white guy is going to be all right'." *Thus spoke the* young manager who, in a few weeks' time, is going to West Africa to become general manager of one of his company's large subsidiaries.

His new boss, his colleagues, and the 700 employees for whom he will be responsible, are all nationals. His will be one of just three white faces in the company.

It can be hard enough adapting to a new job in your home country: it is doubly difficult in an alien culture. In your own environment it is much easier to read the signs, comprehend the nuances of behaviour, and above all understand the effect your own behaviour has on other people.

It was to bridge that culture *gap that this manager and his* wife attended a week-long course at the Centre for International Briefing at Farnham Castle, which overlooks the town of Farnham, Surrey.

There is a view still held by some that all a manager going overseas needs is a pith helmet and a very low regard for natives. But a growing number of companies take a less simplistic approach which probably has as much to do with self-interest as enlightenment.

The briefing centre claims to be unique. It is a self-sufficient organisation, with charitable status, which provides week-long residential courses on any country outside North America, Australia and Europe for the modest fee of £235 a head (rising later this year to £270).

It was established in 1953 by the British Council of Churches and the Conference of British Missionary Societies primarily to promote greater understanding between nations, but with particular concern for the third world (and largely through the inspiration of Max Warren).

Although it is now completely independent of the Church, it retains some of the idealism on which it was founded. As its director Patrick Lloyd, an ex-Shell man, puts it: "To some extent our mission in life is still worthwhile, both for the individual people and for the societies that they are going to."

The reasons companies send employees to be briefed at Farnham are, of course, more pragmatic; they appear to fall into three broad categories. First, it can cost £50,000 or even *more to send an employee over*seas, so it is well worth preparing him or her to cope with the change. Second, the better that person integrates into the new society the better manager, negotiator, salesman or whatever he will be.

Finally, there is the longer term, and rather less certain, view that the better the relationship the company has with the country, the less likely it will be nationalised, or subject to other "hostile" acts.

Great change

The life of the expatriate has changed greatly since the war, emphasises Lloyd. "You can no longer have the stockade mentality where someone transports their culture with them . . . playing croquet and drinking tea on the lawns . . . people have to get more to grips with the culture of the country they are in."

Farnham encourages those attending the course to bring their spouses, as it can be much harder for them to adapt: while men can immerse themselves in their jobs if the environment proves hostile, wives are unlikely to be able to find a job for themselves.

There are two main constituents to the briefing. One is telling people about the "nuts and bolts" of the country, and the second is briefing them about the cultural aspects, which the centre considers to be much the more important of the two.

The nuts and bolts side provides a mountain of information on the mundane but nonetheless essential aspects of life, such as cost of living, types of available food, what the local schools and medical facilities are like, the climate, any health problems, whether to buy a car, what the insurance problems are—and so on.

Teaching about cultural differences is a little more complicated. The centre gives a religious and political history of the country, including details of its colonial past and the attitudes of the locals towards expatriates. It also explains what behaviour is acceptable and what will cause offence.

According to Lloyd, there are three stages in the process of adapting to life in a foreign culture. "The first is the recognition that cultural differ*ences exist. People often arrive* in a country with the attitude "I'll just be my usual self": well it's not that simple: they must appreciate there are real differences in culture.

"The second part of the process is getting people to appreciate their own culture so they can see the differences and know how to adapt. It is not a question of behaving in the same way as the locals but learning not to behave unacceptably. The third stage is actually adapting and living harmoniously in the community."

Although some of the talks are given by the centre's own lecturers, a great number are by invited specialist speakers. In addition to formal lectures *there are discussions and films:* in the evenings there are informal sessions over drinks, where the participants can meet expatriates who have lived in countries to which they are going as well as nationals from them.

Perhaps most consistently praised by the participants at a recent Farnham course was the resource centre, which has an extensive selection of books, tapes, newspaper articles, and slides on all the countries on which it provides briefings. Most of the participants had had considerable difficulty in finding much information on the countries which they were to make their home for the next two years or so—often just one not very good book in the local library.

Although the biggest single sponsor is the Overseas Development Administration (ODA), which sends about one-third of the 1,500 people who pass through Farnham, more and more companies are subscribing.

Farnham even runs a special course, not specific to a particu*lar country, for Shell, on* "cultural awareness." But one well known British company with considerable dealings in Africa refuses to send people to Farnham on the grounds that it might taint their executives with woolly liberal notions . . .

The Centre for International Briefing, Farnham Castle, Farnham, Surrey. Tel: 0252 721194.

A. H. Hermann compares employment laws in Europe

BUSINESS LAW

Observing the rules of redundancy

IT WOULD be naive to believe that the way redundancies are handled is determined solely, or even mainly by legislation. Trade union power, public image of the company and the likely effect of redundancies on customers, creditors or shareholders, is all taken into consideration. Not only in the UK, but also in other European countries, union pressure obliges companies to go much further in mitigating the effects of redundancies than is required by the letter of the law, though the statutory requirements are mostly the basis from which negotiations start.

The British Redundancy Payments Act of 1965 and the Employment Protection Act of 1975 are likely to come under parliamentary scrutiny in the autumn; it may therefore be useful to compare rules governing redundancy dismissals in some European countries.

Two groups

These rules can be broadly divided into two groups. The first concerns notifications and consultations which must precede such dismissals, and the second, redundancy payments or other measures which have to *be taken to mitigate the effect* of the dismissal.

Notifications

In the UK, proposed dismissal of 100 or more employees has to be notified to the unions and to the Department of Employment three months ahead: if the number of employees is less than 100 but more than 10, the 90 days statutory period is reduced to 60. When the company fails to notify such a mass dismissal in time, employees may become entitled to an extra week's severance pay for each week by which the notice was delayed. This may come entirely out of the company's pocket, but the company is reimbursed for 41 per cent of the statutory redundancy pay from National Insurance.

It appears that a company can get away with keeping the intended dismissal secret if it can show that it had to keep it secret in order to prevent the loss of even more jobs. Such was the case of Spillers, which kept secret the sale of some of its bakeries, and the closure of others, until the last minute and paid 90 days' wages to employees who were made redundant.

In Germany employers of more than 20 persons are required to take the works' council into their confidence and to reach an agreement a long time before redundancies even come to be discussed. Whenever modifications in conditions are contemplated which might result in substantial disadvantages for the employees (including, of course, redundancies) employers have to give full information to the works' council. The management and the works' council then must try to agree on whether such changes should take place and when, and how best a balance could be reached between the interests of the employers and of the employees. This so called "social plan" should not be defined only in general terms, but should deal with problems of individual employees likely to be affected.

If there is no agreement, the conciliation board of the company will decide on the measures to be taken for the protection of employees' interests, though it cannot stop the changes in production proposed by the management.

When it comes to actual redundancies and the company *intends* to dismiss more than 25 employees within 30 days, or at least 10 per cent of a workforce of 60 or more, it has to notify the employment office, attaching the works' council's opinion. During the next month dismissals are effective only if approved by the Emloyment Office which, however, may extend this period.

Similar

In the Netherlands the situation is somewhat similar but the requirements on management are even stricter. With the exception of agreed terminations of employment, or exceptionally serious misbehaviour of the employee, all dismissals must be approved by the district employment office.

A company which intends to dismiss 20 workers or more must give at least three months notice to the unions and to the works' council before it can ask the employment office to approve dismissals. During these three months negotiations aimed at saving jobs or re-training and relocating employees, will take place.

As in Germany, the Netherlands Employment Office will not approve a mass dismissal, unless there is an agreed social plan to take care of the workers' interest. Neither in Germany nor in the Netherlands is rationalisation of production accepted as sufficient justification unless it can be proved that it will save other jobs; ie, without rationalisation and laying off some workers, the company might go out of *business altogether.*

Interest

A good example of the Netherlands practice is the decision of an Amsterdam court last year that BAT and the Dutch trade unions must re-open negotiations which had broken down earlier and that the company must continue production until an agreement is reached in a factory which it had intended to close down. Of particular interest is the opinion given by an independent expert appointed by the Amsterdam court. He concluded that the Dutch and Belgian plants of BAT should be considered as a single economic unit when considering the necessity of reducing production capacity. It is not difficult to imagine that sooner or later the question will arise whether all the plants which a multinational company operates in the EEC should be considered as a single economic unit when deciding on redundancies. Such thinking could then lead to *proposals that redundancies* should be considered by a Community institution — an idea which certainly would appeal to the EEC Commission.

Also in Denmark and Sweden negotiations with unions must precede any redundancy dismissals. In Denmark these rules apply to dismissals of 10 per cent or more of the workforce if this numbers between 100 and 299, or whenever at least 30 workers are dismissed in companies with a greater number of employees. In small enterprises with between 20 and 99 workers the threshold is 10.

While in Denmark the local employment office and the unions must be notified one month ahead, it is two months' notice in Sweden if it is intended to dismiss at least 25 workers. The notification period is four months if redundancy would affect between 26 and 100 workers, and *six months for* greater numbers.

Redundancy Payments

While in the UK the minimum redundancy payments are laid down by statute—up to a maximum of £3,300—in Germany such payments are left to agreements between the parties and become a part of the social plan. In practice the difference between the two countries is not that great because the UK payments are often substantially higher than the statutory requirement and, as in Germany, depend on the financial situation of the company and on the pressure which the employees can bring to bear, as well as on the financial situation and prospects of the individual employees.

Entitled

A similar situation to Germany exists in the Netherlands where redundancy pay is not determined by statute but is usually agreed between the company and the union. In many instances in the *Netherlands shop floor workers receive* a redundancy payment amounting to six months' wages while salaried employees are getting up to two years' salary. In Sweden employees are entitled to redundancy pay equalling 10 days' earnings for each year of service, but higher redundancy payments apply in different industries to employees over 40 *years of age with at least five* years' service.

In those cases where redundancies were opposed by powerful unions the companies have been obliged to create substantial funds to compensate dismissed workers over a period of years—as happened with the Copenhagen newspaper Berlingske Tidende—or even to establish and finance a development company to create new employment in the area, as happened in the case of St. Gobain in Sweden.

This last variation may truly be called "creative" — and may ultimately benefit not only the redundant workers but also the company.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

VAT on car

I understood that import tax charged on the purchase of a motor vehicle could not be reclaimed (except for commercial vehicles). I have, however, been informed by a friend that each business can reclaim VAT on the purchase on one person's car i.e. the managing director's. What please is the position?

You are right. The rules are to be found in article 4 of the VAT (Cars) Regulations 1977 (SI1977/1995):

4.—(1) Tax charged on the supply or importation of a motor car shall be excluded from any credit under sections 3 and 4 of the Act except where—

(a) the supply is a letting on hire; or

(b) the motor car is supplied *or imported for the purpose of* its conversion into a vehicle which is not a motor car; or

(c) the motor car is unused and is supplied or imported for the purpose of being sold.

(2) The reference in this Article to sale includes any supply under a hire-purchase agreement.

House value complications

In 1965 a house owned by a company was valued by an estate agent, which in 1976 was sold to one of the directors also on an estate agent's valuation. The District Valuer will (in 1979) accept neither of these, saying the 1965 valuation was too high and that of 1976 too low. What should be done?

The company will have to put the District Valuer's officer in touch with the agents who made the valuations, and leave them to negotiate (assuming that the directors do not feel competent to conduct the negotiations themselves).

This is a skilled job, and correspondingly expensive, so do not leave the agents in doubt as to the amount of tax at stake. The cost of the negotiations should be allowable under paragraph 4(2)(b) of schedule 6 to the Finance Act, 1965, but this is a point which the company's accountants will be able to clarify for you.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Technical News

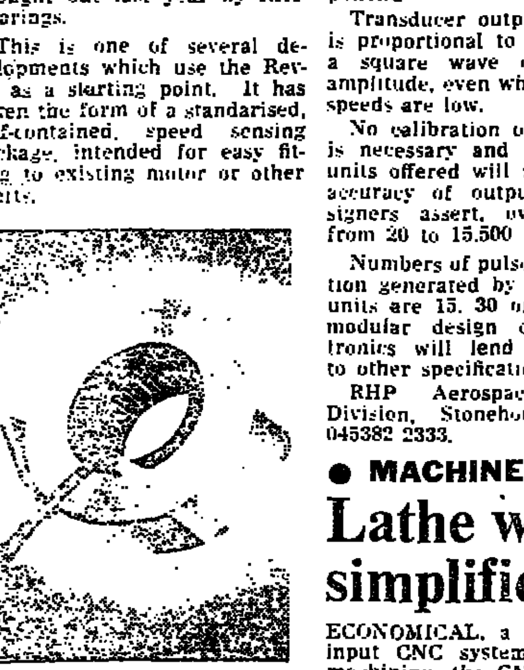
EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMPONENTS

Speed controller is accurate

EXTREME simplicity in installation combined with permanent accuracy are characteristics of a new type of transducer for speed measurement and control, based on the Revtel speed-sensing bearing brought out last year by RHP Bearings.

This is one of several developments which use the Revtel as a starting point. It has taken the form of a standarised, self-contained, speed sensing package, intended for easy fitting to existing motor or other shafts.



Contained in a protective corrosion-resistant housing, the unit is prevented from rotating by a flexible arrester strap attached to the housing and to a convenient point on the machine being monitored.

Each size of transducer is available to fit a range of shaft diameters, the bore being fitted with an appropriately sized steel tolerance ring to enable the shaft to drive the rotating components.

This arrangement eliminates the need for a flexible coupling and axial alignment and is tolerant of high degrees of vibration.

Revtel transducers operate on the principle by which a pick-up detects the passage of metal teeth on the rotating component.

Transducer output frequency is proportional to speed giving a square wave of high-level amplitude, even when rotational speeds are low.

No calibration or adjustment is necessary and the standard units offered will give absolute accuracy of output, RHP designers assert, over a range from 20 to 15,500 rpm.

Numbers of pulses per revolution generated by the standard units are 15, 30 or 60 and the modular design of the electronics will lend itself easily to other specifications.

RHP Aerospace Bearings Division, Stonehouse, Gloucs. 045382 2333.

● MACHINE TOOLS

Lathe work simplified

ECONOMICAL, a manual data input CNC system for simple machining, the CNC 3300, and a lathe control, the NC 6682, are to be launched by Philips Machine Tool Controls at the third EMO in Milan from October 10 to 18.

The new two- or three-axis straightline CNC 3300 is an extension of Philips' microprocessor-based CNC controls to simpler applications. It is a lathe control with advanced features such as tool-nose radius compensation and an extended range of fixed cycles.

Philips on POB22, Dorking RH5 5AQ. 030 671 1233.

● COMMUNICATIONS

Gives user many options

DEVELOPED and made by the Ring Organisation of Norway, a private telephone system which offers a number of interesting facilities is to be marketed by Cass Electronics in the UK under the latter's own brand name.

The equipment takes advantage of microprocessor power to provide practically anything a user might dream up and yet the station itself is small and *neat, about the size of an ordi*nary telephone handset, but without the base.

A monobloc 12-button keypad serves to make the calls and standard facilities provided are loud or soft-speaking, microphone cut-off, individual volume control and camp-on busy—that is, a call to a busy number is held till disengaged.

Many programs are already available including hands-free operation allowing a user to carry on a conversation with a caller from the other side of the room; confidential speech; automatic redirection of calls to another extension; automatic transfer to secretary; extension barred; conferencing; data transmission to operate a remote control circuit and entry to a pocket paging system.

Other facilities are group call, all-call, connection to other Cass systems, "hurry-up" tone to a busy station and a link to a two-way radio system.

The processor itself and the control elements are mounted on circuit cards which fit into a wall-mounted cabinet about small suitcase size.

Station capacity is increased by plugging in subscriber cards and a single cabinet provides for 96 users. Ultimate expansion of the system could be as many as 5,000 users.

Servicing is of the utmost simplicity. Defective cards are quickly traced and replaced. A battery provides system support should there be a mains failure.

Installation requires only two pairs per station and numbers may be interchanged electronically without rewiring.

Cass Electronics, Crabtree Road, Thorpe, Egham. Egham 6266.

● CONSTRUCTION

Line marking on most surfaces

FACTORIES, schools and clubs may have had to use a number of different line-marking machines to cope with variations in the surface and materials used for lining, but there is now a single machine to undertake virtually all line-marking requirements, says *Lodge Group of Companies,* Island Farm Avenue Trading Estate, West Molesey, Surrey (01 941 2555).

It has introduced the Spraymar Softrider which, with the use of three 12-inch-diameter, five-inch-wide section balloon tyres, is said to provide a high degree of control and stability over hard, soft or rough surfaces.

With a paint- or water-based compound reservoir of 4.4 gallons, the machine can be used to mark up to 2,500 feet of three-inch line before refilling on tarmac, stone, concrete, gravel, sand, earth, wood and grass.

An integral jet is incorporated for marking soft ground or grass and this can be adjusted to lay down lines varying from a half to three inches wide.

Decking to take the heavy loads

MEZZANINE flooring able to meet loadings which run from office accommodation to heavy storage uses established structural engineering techniques but takes advantage of the properties of a new decking material.

Planfloor 28 is intended to meet the most stringent requirements of the Local Authorities under the Building Regulations, particularly under BS Code of Practice CP 3, Chapter V, Part I: 1967 "Loading."

The decking is made from oak and beech particles set in a resin bonding agent and has an average density of 750 kilos per cubic metre or 47 lb per cubic foot, but is made considerably denser towards the outer surfaces, ensuring that the product will be hard-wearing and smooth.

Flexural strength is 4060 lb/square inch and modulus of elasticity 551,000 lb/square inch. It will take 3 tonnes per wheel and the sound absorption rating is 34 decibels.

The material is particularly suitable for areas where pallet or fork-lift trucks are to be used, or where racking is proposed, because of its high point load capacity.

High sound absorption makes the material excellent for the setting up of office partitioning. At the same time, it is available with options such as polypropylene fascia and kickboard, various deck surface coatings, safety barriers, etc.

Planned Storage Systems, Unit Four, Bulls Bridge Industrial Estates, Hayes Road, Southall, Middx UB2 5NB. 029661 2287.

● MATERIALS

Highlights hazards

USE OF reflective liquids is not new, although the number of applications for which they can now enhance safety in many areas must be good news.

Commonly accepted for road signs, vehicle number plates, work clothes and other outer garments, it is now used not just to draw attention to objects—but to pinpoint definite dangerous areas.

These will include danger spots down the mines (National Coal Board uses reflective liquid in over 160 mines today), in industry, public highways, underground tunnels, or waterways, and as channel markers in a harbour or marina, finds 3M United Kingdom, 3M House, PO 1, Bracknell, Berks. (0344 26726).

Most effective—and expensive—is the silver reflective liquid, which is recommended for surfaces needed to be seen clearly at night. Daytime coatings could be yellow or white—particularly useful, say, on the outer edges of loading bays.

Whatever the surface—granite, roadway, wood, brick—it can be coated with any of the three reflective liquids to ensure a brilliant warning to those approaching.

It should be emphasised, however, that Scotchlite is not luminous—light, whether artificial or natural, must be available to provide the necessary reflection.

Nocturnal motorists around Harrogate have discovered, for the last four years that a particularly nasty hairpin bend there has been highlighted by Scotchlite in such a way that accidents—hitherto of frightening regularity—have been reduced to almost nil.

DEBORAH PICKERING

● HEATING

Ovens made to measure

ELECTRICALLY heated ovens for use in automatic processing work are now being produced by R. Royce Industrial Ovens.

Conveyorised ovens with mesh, slatted or honeycomb belts are available for heat treatments at temperatures up to 750 degrees C. There are also roller hearth ovens with counter-balanced or power operated doors and tunnel ovens with overhead conveyors.

All these ovens are built to individual requirements and more information can be obtained from the company at Solent House, Abbots Ann, near Andover, Hants. SP11 7BB (0264 71 494).

● MARKETING

Data on industrial surveys

LATEST EDITION of its "Published Data on European Industrial Markets" has just been published by Industrial Aids.

It lists market studies available for purchase, and gives a guide to other sources of published data on European industrial goods and is intended especially for sales and marketing managers, information officers, librarians and market research workers.

The first part lists over 1,500 market studies available for purchase from consultants and other organisations, while the second part covers sources of information under six main headings: National Statistics, Data from Governmental and Non-Governmental Organisations, The Press, Banks, Information on Companies, Libraries and Similar Centres.

The publication can be obtained from Industrial Aids at 14, Buckingham Palace Road, London SW1 0OP (01-828 5036).

● CONFERENCES

Design in plastics materials

COVERING the technical and economic aspects of designing with engineering thermoplastics a one-day seminar is to take place on December 7 at the Washington Hotel, Curzon Street, London W1.

The question "Which plastic do I use?" is one which is often heard in design circles. The introductory paper will indicate how to find out the answer. In addition, there will be case studies given by speakers from industry who have solved their own plastics design problems, and contributions from other experts. There will also be papers on aspects of mould design and the vital economic factors which can affect the viability of an industrial design project.

Registration costs £50 plus VAT and this covers the cost of lunch and refreshments during the morning and afternoon sessions.

Infopress, 58, Fleet Street, London EC4Y 1JU. 01-353 8445.

● COMPUTING

Modernised assets management

GAMMA FARS has been formed following the merger into the Gamma Associates computer group at Fars Computer Services of Manchester.

The new company will continue to offer the specialist computer systems service provided prior to its merger, including Fars—a Fixed Assets Register System (after which the company is named), Finapl and Statapl, which are financial and statistical packages respectively.

Located at St. Andrews House, Portland Street, Manchester, Gamma Fars has a staff of some 20 including 12 software professionals.

Fars is designed to handle all aspects of modern assets management. In particular the requirements of current cost accounting are embodied, and the Fars system fully meets the legal obligations of companies who use it in this respect. It will run in a timesharing mode with access to the computer and its files are made through typewriter-like terminals.

Fars maintains records of a company's assets, integrating full CCA procedures with a range of depreciation techniques. Ad hoc reports in response to requests for information from management may be produced at any time. It also maintains historical depreciation figures in parallel with the CCA values. The former can be dropped when the adoption of full CCA is decided.

Indices are maintained on a computer file by Fars, based upon those published by HMSO, and these date back to 1952, enabling an estimate to be made of the current replacement cost of assets on an industry to industry basis.

Users may also run a private index file which they generate themselves (with full system support) and which they believe to provide better cost estimates than those based on the CSO figures.

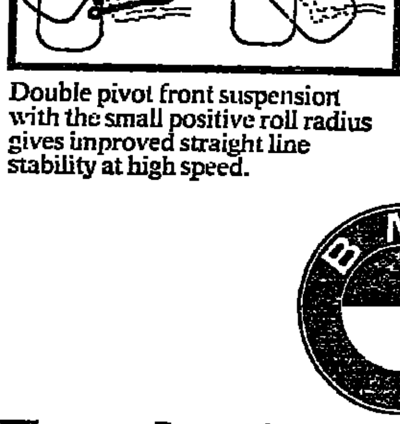
Gamma Fars, St. Andrews House, Portland Street, Manchester. 061 236 1933.

Should one drive a BMW 7 Series it will be quickly appreciated that large and luxurious cars can also be a great pleasure to drive. Luxury has not been allowed to go so far as to isolate the driver from the road. In the 7 Series refinement and performance have been delicately matched to offer the driver a rare delight. It is not for those who wish to be cocooned in soporific splendour. It is for those who demand space and refinement with character and purpose.

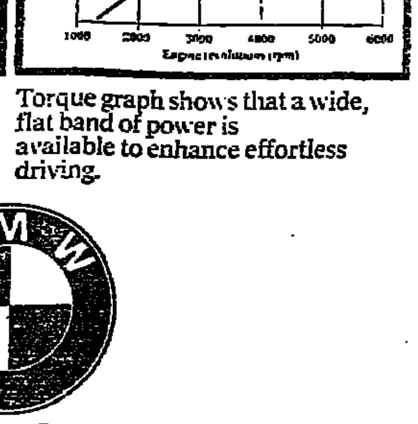
The discreet design of the BMW 7 Series reflects the solid quality found throughout. It is that certain kind of quality that one takes pride in. Inside there's a sense of spaciousness, and the seats and ventilation create an environment of relaxed alertness.

The 7 Series cars offer three different engine capacities – 2.8, 3.0 and 3.3 litres, the latter with fuel injection. The 'straight six' configuration has often been said to be the most refined and smooth running of engines. In the big BMWs the sophisticated design produces excellent power to litre ratios as well. This, of course, is vital for automatic transmission. However it also makes manual driving a very refreshing experience. The four speed gearbox is a pleasure to use and encourages a very positive and enjoyable style of driving. Whilst acceleration through the gears is extremely quick, each gear, due to the wide torque band of the engine, gives a powerful and effortless 'long-leggedness.'

The overall concept of refined driving appeal in the 7 Series is resolved in the chassis and suspension. There is no reason why a large car should not be able to have agile handling as well as an ease of comfort. The chassis offers handling incomparable in this size of car. To this is also added BMW's speed-related power steering – as the engine speed increases power assistance diminishes so one has maximum assistance for parking, and decreasing assistance as speed increases, for greater road 'feel.'



Double pivot front suspension with the small positive roll radius gives improved straight line stability at high speed.



Torque graph shows that a wide, flat band of power is available to enhance effortless driving.

Drive a BMW 7 Series and one realizes that it offers something unique and satisfying – luxury with complete performance. Indeed in every sense the change to a BMW 7 Series is, especially for those who have become a little weary of driving, as good as a rest.

Insurance Our new exclusive 'Sureplan' Insurance Scheme guarantees, under normal circumstances, to quote, offer competitive rates and fast approval of accident repair estimates. Your local BMW Centre will be happy to introduce you to the scheme.

Leasing Your local BMW Centre can also provide comprehensive advice and assistance on leasing arrangements for your BMW.

Prices:
728–£11,180. 728A–£11,711. 730–£13,203. 730A–£13,734. 733i–£14,481. 733iA–£15,012. Prices correct at time of going to press.

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For the joy of motoring.

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LOMBARD

The furore over EEC expenses

BY GILES MERRITT IN BRUSSELS

WHAT IS a reasonable expense account? Until a few years ago, the 70,000 officials of the Inland Revenue shared an annual expense account of £100. In 1975 it was decided that was inadequate, and therefore unreasonable, and the fund was boosted to £250.

In Brussels, meanwhile, the 30 members of the European Commission are allocated a total sum approaching £200,000 a year, and four of their number are found even to have overspent their shares of that. Reaction throughout Europe to the recent disclosures of the commissioners' spending habits makes it clear that many people view their expense accounts as bloated, and therefore also unreasonable.

Public glee

To some extent the furore over the Brussels commissioners' expenses is unfair and owes more to public glee at finding politicians with their trousers down than it does to any serious analysis of the circumstances. Put simply, the men at the top of the common market's executive arm take air taxis because they are often too over-stretched on time to queue at airports, and do their negotiating at a level where nib grub would imply a deliberate slight to their guests.

That said, it is unlikely that any of them is going to come very well out of the affair. Nor, perhaps, are other prominent members of the European institutions, for it is now increasingly probable that the European Court of Auditors, whose report shone the spotlight on the commission, will shortly be combing through the expenses returns of other EEC institutions.

The first candidates for inspection will almost certainly be the European parliamentarians. It was the parliament which at the beginning of this year asked the Audit Court to open up the commissioners' expenses account ledgers, and it may well find that instead they have opened a Pandora's box. Not only did the new elected European parliament last month vote itself £20,000 expenses for each of its 410 members, in addition to salaries and £30 a day subsistence allowances. It was also made plain that a blind eye would be turned to those members who resorted to paying their wives the salary of a full time secretary out of their expenses.

So what is a reasonable expense account? It is a tricky question, but one that the Luxembourg-based Court of Auditors is expected to turn its attention to for two pressing reasons. First, because it has discovered with horror that there are no hard and fast rules governing either commissioners' expenses or those of anyone else in the Community's employ. Second, and much more important, because any doubts in the public mind over the probity of EEC expense account spending must be proved groundless.

Every politician knows that few things trip a government so hard as scandal, and unease among European taxpayers over the expenses affair could endanger Community institution's political credibility. It is the political mileage that can be made out of the issue that most worries Brussels. It is a gift both to anti-marketeers around Europe and to parliamentarians seeking to establish a watch dog role over Community finances.

Order

For the Court of Auditors, whether it waits to be invited to draw up a new expenses regime or decides to go ahead on its own authority, the politics of the matter are secondary to the need to establish order. Financial malpractice has never been hinted at, but poor accounting practice has. As the court's report sourly observed of the absence of rules governing commissioners' representational expenses: "A normal audit is hard if not impossible to carry out."

Whatever the political wrangling that ensues once the Audit Court report is publicly debated, one likely side effect will be censure of the Brussels Commission for the apparent laxity of its internal accounting controls. Mr. Roy Jenkins, the EEC Commission president, has already made a statement defending these. Last February, when Press reports on the alleged extravagance of Herr Wilhelm Haferkamp, the External Relations Commissioner, first focussed attention on expenses, Mr. Jenkins said that Commissioners' expense accounts "are subject to long-standing internal procedures designed to ensure that they are properly disbursed and fall within the agreed limits." According to the Court of Auditors, there is something wrong with the design.

Raising a handsome menace

GARDENS TODAY

BY ROBIN LANE FOX

IF YOU want to lay a better plan for your garden, set about it at the end of August. The trees are still in leaf, so their shape will not mislead you. There are enough flowers around to help you match colours and heights and you can still sit outside while you ponder the problems on site. When you have finally made up your mind, the nurseries will not have sold out of the key plant in your scheme.

There is much advice worth giving: the importance of shade and broken light, the need for a firm ground plan, the merit in deciding what you like and growing plenty of it. Try to work to a colour scheme, blue and silver, crimson and white, coral pink and fresh yellow-green, gold and yellow in a mass. But do not despise the rampant plants, the sorts which are almost a menace.

As I look back on my planting, I am aware of a deep debt to them. They are a wild and weekend gardener's blessing, whatever you may read about them. If your time is limited, they will take control for you. To me, that is often a virtue.

Consider the plain old catmint, for a start. It is not often that one hears anything good about this plant, but I cannot see why it is not top of every nursery's list in these days of limited time and labour. I would not contemplate a weekend or cottage garden without it. It puts paid to all those banks and blank patches which would otherwise go down to awkward grass and discontented Berberis.

For beginners, I would only say, that common catmint spreads forwards for a yard or so and that it can be trimmed back hard after flowering. It is thus the perfect plant for use with a modern weedkiller. Before the big spread begins, you can spray the earth between the plants with Weedex in early April. No weeds will then germinate for two months or more, by which time the wide mats of the catmint have locked together and excluded them anyway. A few plants can be spaced widely and divided into many more.

I like the lavender-mauve flowers as much as the sharp scent in the ash-grey leaves. In July, it is the better for a thorough dead-heading, which encourages a second autumn season. For a dry bank, it is a godsend, at its best when used as the foundation-planting in a scheme which has room for one or two large shrubs among it at wide intervals.

I have used it well with the strong Rubus Tridel Benenden, that lovely May-flowering shrub with round white flowers and fresh stems and leaves. Well spaced in a sea of catmint, the pair of them still delight a Warwickshire gardener who was hard pressed to keep his half-acre garden up to the mark. Be sure that there are no perennial weeds, no bindweed especially, before you put the catmint in. After one year, plants a yard or more apart will be touching each other in the weed season and nothing will come between them.

Most of you know the green-yellow flowered ladies mantle, or alchemilla, but there are still many gardens which are too much for their owners and contain not an example of this rampant beauty. I am overrun with it, so that early July is a season of yellow-green rivers of flower, falling down the slopes from the doorsteps where the first seedlings now begin. I well recall a fine photograph in the book which put ground-cover plants on the map, showing a garden and a lily-pond under a caption of "Alchemilla in complete control."

It looked rather unlikely to my innocent eye 12 years ago. But ten plants or so of the handsome menace have now grown enough to take me over too. Eighteen inches high, absolutely weed-proof, best of all in a slightly damp site: the clumps of fresh green leaves are at their finest if you cut them back hard now after flowering, when the flower are turned to a stale yellow, the seeds preparing to catapult into your best rose-bed and the stems falling flat from their central crown.

An August trimming makes the whole difference to the plant which then returns to a neat clump of velvety young leaves before autumn. It is good for your morale, too, as you cut out armfuls of unwanted stems at very little effort. As a controller of excess space, the ladies mantle is still without equal.

On a chalk soil, plain ruby-red valerian is another fine menace which the desperate gardener tends to forget. Again, it has loose stems which spill prettily forwards and throw their seed everywhere. You see it in stone walls all over the Cotswolds, but it is just as good as an informal edging beside a path or down a bank.

The white form is far the prettiest, though you will have to grow your own from cuttings as no nurserymen sells a true form. Valerian is not such a thug as some, because its roots do not run so widely. But on clean ground, its mass of stems give weeds no chance

Pink Geranium Endressii has won me round, because it can be trained in any direction, up, out, down or sideways, without ever letting a weed through it. It is the small-flowered one, which goes on producing pink flowers in the unusual shade of a strawberry ice cream. It will grow anywhere, dry shade included. It is not a tidy plant but it saves hours of time under shrubs and in front of shrub-borders. It goes well with the smaller blue Campunalas which form huge mats if left alone.

A menace is a fairer description of a useful small spurge which visitors seem to like when they see it between my flight of garden steps. Euphorbia Cyparissias runs with its roots and gives nothing else a chance. It is nine inches high, feathery-leaved with acid-yellow flowers in May and brilliant yellow colours when it dies in late autumn. The colour varies, so buy a plant in flower, if possible. One will give you a hundred within two years. It will also fill any corner under tall climbing roses or between shrubs otherwise open to weeds.

There are other menaces in plenty, the giant kale, or crambe, all manner of polygonum, our knotweed, and the lovely tall evening primroses. If they attract you, please do not lose your head and plant them in beds which ought to be your best ones. They are strictly plants for open spaces, for difficult corners, slopes or areas which would otherwise be awkward lawn. One needs to be lifted and split every three years.

If the ground is poisoned and cleaned for a year first, I defy any weed or tidy gardener to get a foothold among them after two years. You can sit back and let them fill the ground for you.

Catmint—a weekend gardener's blessing

High hopes of Stoute effort

RACING

BY DOMINIC WIGAN

AT YARMOUTH this afternoon it would not surprise me to see Michael Stoute landing successive races with two animals who finished unplaced last time out after emphatic victories in modest company.

Biding, his representative in the Perebown Stakes, proved a little out of her depth in the St. Hughes Stakes at Newbury where she had scored a four-lengths victory on her debut.

Now back in action against weaker opposition, this roan half-sister to Splashing can further add to her paddock value by out-pacing market rival Jose Collins.

Dancing Around, Stoute's representative in the Karen Kay Handicap, won a six furlong maiden event at a Nottingham evening meeting five weeks ago but is another who has since disappointed.

He should go close without, perhaps, being good enough to beat Cartridge. This chestnut daughter of Jim French has proved disappointing since beating Snow Chief by five lengths over seven furlongs at Catterick in June.

Nevertheless, she is clearly still held in high regard judging by the market move for her at Folkestone on August 14. Backed through all rates on the Kent course from 15-2 to 3-1, the Warren Place filly looked capable of pulling off the gamble and she made smooth progress over a quarter of a mile out.

However, she came to the end of her tether in the final furlong of the Wakefield Handicap and had to be content with second spot behind Miss Merlin.

For anyone wanting to take a chance with an outsider on the Tote in this event Sailord could be the answer. Though not without ability, Bruce Raymond's mount slipped up shortly after the start of an apprentice event at Newbury on August 17. That was his first run of the campaign.

For the day's best bet I turn to Bath where Shred looks capable of opening her account. This Johnson Houghton-trained juvenile who runs in the Hill Maiden Stakes, put up a fine performance in finishing fourth behind Live Ammo from a bad draw in a division of Newbury's Sparsholt Stakes.

BATH
2.30—Shred***
3.30—Crowned Hat*
4.00—Little Annie
4.30—Taj Almidan

YARMOUTH
2.15—Liberalism
2.45—Haskala
3.15—Cartridge**
3.45—Biding
4.15—Run Hard
4.45—Fair Sousanne

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.45 Magic Roundabout. 9.50 Jackanory. †10.05 Felix The Cat. 10.10 The Boy From 5B. 10.35 Take Hart. 1.15 pm News. 1.30 Barnaby. 4.13 Regional News for England (except London). 4.15 Play School (as BBC-2 11.00 am). 4.45 Roobarb. 4.45 King Cinder. 5.10 Wildtrack. 5.35 The Wombles.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 The Wonderful World of Disney.
7.10 Where are they now?
7.40 Sykes.
8.10 It's a Celebrity Knockout.
9.00 News.
9.25 Come Dancing.
10.05 Football League Special.
10.50 Medical Express.
11.20 The Music Makers.
12.00 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 12.00 News and Weather for Scotland.

Wales—5.10 pm Siangdifang. 5.30-5.40 Dan a'r Deinosor. 5.55 Wales Today. 6.20 Leo Sayer. 6.50 Heddiw. 7.10-7.40 Pawb yn ei fro. 12.00 News and Weather for Wales.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.00 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
4.50 pm Open University.
6.55 Adventure.
7.45 Mid-Evening News.
7.55 Tribute to Jean Renoir: † "Une Partie de Campagne."
9.00 My Music.
9.25 News 39.
9.35 Hinge and Bracket gala evening from the Opera House, Buxton.
10.20 Circuit Eleven Miami.
11.10 Late News.
11.25 Closedown.

Channel is the only IBA company transmitting programmes during the present industrial dispute. Details of this local service are given below.

CHANNEL

1.20-1.30 pm Channel Lunchtime News, What's on Where and Weather. 5.00 Puffin's Birthday Greetings. 5.05 Kum Kum. 5.30 Woody Woodpecker. 6.00 Report at Six Extra. 7.00 Target the Impossible. 7.25 Cash and Company. 8.25 Feature film: "Battle Beneath The Earth." 10.00 Channel Late News and Weather. 10.05 The Big Valley, followed by Epilogue.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 6.00 Andy Peebles. 9.00 Simon Bates. 11.00 Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Tony Blackburn. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 David Allan (S). 10.03 Derek Hobson (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 7.02 The Organist Entertains (S). 7.30 Sports Desk. 7.33 Listen to the Band (S). 8.15 The Magic of the Musicals (S). 9.02 Noel (S). 9.55 Sports Desk. 10.02 The Impressionists. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Sports Desk. 11.03 Brian Matthew with Round Midnight from Edinburgh, including 12.00 News, and 12.05 am Sports Desk. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice: Record requests, part 1 (S). 8.00 News. 8.05 Record requests, part 2. 9.00 News. 9.05 This Week's Composer: Martinu (S). 10.00 Music for Organ (S). 10.35 Nicanor Zabaleta harp recital (S). 11.00 Edinburgh International Festival 1979: piano recital, part 1: Bizet, Ravel (S). 11.50 Festival Comment. 12.05 pm Recital, part 2: Stravinsky. 1.00 News. 1.05 BBC Scottish Symphony Orchestra (S). 2.20 Fifty Years of British Music (S). 3.00 John Knowles Paine: Mass in D major (S). 5.10 Young Music-makers (S). 5.25 Homeward Bound (S) including 5.45-5.50 News (‡and mono only from 5.45). ‡6.15 At Home. 7.10 Pied Piper (S). 7.30 Proms '79: Sibelius, "Kullervo" (S). 9.00 The Music of Time (S). 10.00 Vladimir Horowitz piano recital. 10.25 Music in 18th Century Paris (S). 11.15 The Arts Worldwide. 11.35-11.40 News.

VHF only—6.00-7.00 am, 5.45-7.10 pm and 11.40-12.00 Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayor for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.45 Theatre Street. 9.00 News. 9.05 Gardeners' Question Time. 9.35 Nation at Work. 10.00 News. 10.05 The Living World. 10.30 Daily Service. 10.45 Morning Story. 11.00 The Magic of Music (S). 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 I'm Sorry I Haven't a Clue (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Choral Evensong (S). 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 The Enchanting World of Hinge and Bracket (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Wee Have Also Sound-houses . . . (S). 8.35 Bernard Leach talks about his life and work. 8.45 Britten on Britain (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Popular Image. 10.55 Smith Again. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Music at Night (S). 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 7.00 Black Londoners. 8.00 In Concert. 10.00-5.00 am As Radio 2.

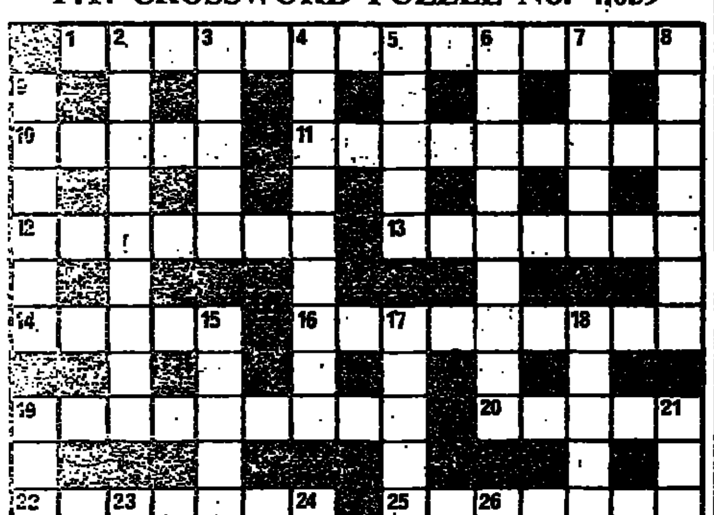
London Broadcasting

5.00 am AM with John Perkins and Steve Wood. 10.00 The Brian Hayes Show. 1.00 pm LBC Reports with Max Miller and Sarah Ward. 3.00 Open Line with Claire Rayner. 4.00 LBC Reports with Sue Jameson and Sarah Ward. 8.00 Jazz After Eight with Keith Howell. 9.00 Nightline with Jenny Lacey. 12.00 LBC Reports Midnight. 1.00 am Night Extra with Tara Jefferies. 4.00 Jazz in Stereo. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Allan Freeman (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

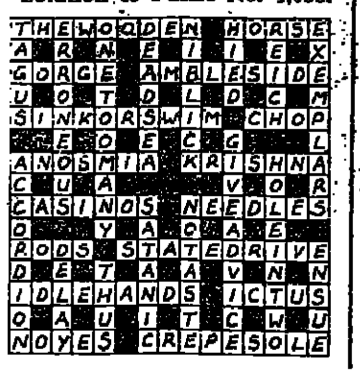
F.T. CROSSWORD PUZZLE No. 4,059



ACROSS
1 Worthless person is well behaved but without reward (4-3-7)
10 Travel around top of gulley in hill-range (5)
11 Eastern movement a learner follows with feeling (9)
12 Spotted me when directed (7)
13 Amplify in the development area maybe (7)
14 Hit and splash in a watery mess (5)
16 Gelatine is in drinking vessel (9)
19 Unusually green exhibitionist (9)
20 Solicit custom around head of river for fish (5)
22 Spectre, partly making elephant omnivorous (7)
25 Diverge from a point and shine (7)
27 Persuasive speech from Queest Cole? (9)
28 Twig of large size that is right (5)
29 Annual task for housewife but frequent task for watch repairer (6-8)

DOWN
2 Strange fellow dismissed as a misfit (3-3-3)
3 Reside with leader of warriors in valley (5)
4 Gear required on surface of approach to house (9)
5 Not a soul makes midday engagement initially (2-3)
6 Shadow over illumination at rear of vehicle (4-5)
7 Type of man that must be fed (5)
8 Ships and where one cooks in them (7)
9 First type of stove (6)
15 Pump over brook creating internal discomfort (9)
17 Trice need to change to act as peacemaker (9)
18 Praise for a party over allowance (9)
19 State explicitly and with haste (7)
21 They must accept alternative explanation (6)
23 Love a lot of glamour (5)
24 Chap in charge could be crazy (5)
26 Submerge ringleader in feathers (5)

Solution to Puzzle No. 4,058



FINANCIAL TIMES SURVEY

Wednesday August 29 1979

Offshore Expertise

The business of recovering offshore oil and gas has developed into a separate industry in its own right with its own advanced technology, as next week's Offshore Europe '79 exhibition and conference in Aberdeen will show. There are now about 400 drilling rigs operating around the world and it is estimated that approaching 20 per cent of the world's oil and natural gas is being produced from under-sea fields.

A challenge to oil operators

By Ray Dafter, Energy Editor

THE ENERGY industry is being forced to look increasingly at offshore areas in its quest for new sources of crude oil and gas. It is reckoned that of the recoverable resources still to be discovered, as much as 30 per cent of the world's oil stock and 27 per cent of the available natural gas, lie offshore.

At the same time oil operators are being challenged to find less expensive, more efficient ways to produce oil in deep, often hostile sea conditions. There are now about 400 drilling rigs operating offshore around the world, many of them drilling appraisal or potential producing wells. For it is estimated that about 18 per cent of the world's oil and about 17 per cent of the natural gas is being produced from fields under the sea.

Another, but less happy, yardstick of the scale of offshore activities, is that 15 under-sea wells go out of control somewhere in the world each year. That represents about 25 per cent of the total "blow-out" casualty list.

The estimate comes from Pemex (Petróleos Mexicanos), the Mexican State oil company which, since June 3, has been trying to tame the wild Ixtoc exploration well which has been spewing a volatile mixture of crude oil and gas into the Gulf of Mexico.

Ixtoc has emerged as one of the world's worst-ever oil disasters: testimony to both the scale of offshore operations and the potential hazards.

All this necessarily has led to the development of a whole range of new technology. In recent years exploration aids—particularly seismic equipment and interpretive techniques—have been greatly improved to reduce the element of chance inherent in all wildcat drilling.

Offshore drilling is an extremely expensive business; North Sea wells cost several million pounds each—perhaps up to £10m in particularly difficult circumstances. When the cost of transport, servicing, back-up facilities and rig hire are taken into consideration, the bill for North Sea drilling can easily work out at more than £30,000 a day.

Once a field has been found and delineated the operator has a choice of development techniques to consider, ranging from the installation of large concrete or steel production platforms and floating production units, to clusters of sub-sea well systems.

The oil and gas have to be transported ashore, either by tankers (in the case of crude oil) or through pipelines. Again, new loading and transport systems have had to be developed to cope with rough and cold seas.

In addition, the myriad of supporting suppliers have had to refine their own operations and products, their services and equipment needed to protect the expensive offshore facilities in such a harsh environment: technology essential for the control of oil and gas production, and communication systems essential for any remote operation.

The offshore industry has grown not so much as an offshoot of the traditional land-based oil services sector, but as an industry in its own right. According to the Department of Energy's Offshore Supplies Office the oil industry is ordering equipment worth £6bn a year for its offshore activities.

It is a measure of Britain's new importance as a producer of oil and gas that more than a quarter of these orders — about £1.6bn at the last count —are needed for UK offshore activities, virtually all of it in the North Sea of course.

Last year UK operators spent £1.73bn on the development of offshore oil production equipment, pipelines and associated shore facilities. Another £283m was spent on the exploitation of gas fields. Furthermore, about £260m was committed to exploration work — a level of expenditure which is expected to increase substantially as companies begin to drill prospects in sixth-round licence blocks and to appraise more fully structures on blocks issued in earlier rounds.

The level of wildcat drilling in the UK sector has fallen in recent years, partly a reflection of the swing from exploration activity towards more development work, and in part the result of the oil industry's concerns about Government policies and British National Oil Corporation involvement. Last year, for instance, just 37 exploration wells and 25 appraisal wells were drilled offshore compared with 79 exploration wells and 37 appraisal wells sunk in 1975.

The Energy Department is determined to revive this type of drilling activity. As a result it has been asking oil companies which blocks they would like to see offered in the next, seventh round of licences. In this way the Government hopes to attract keen oil industry interest in the seventh round, which is expected to be more ambitious and more enticing than the past two.

Development drilling should continue apace, however. During the past two years, the industry has been drilling producing wells at an annual rate of 96; a far cry from 1975 when only 21 development wells were drilled.

Companies are now firmly engaged in one of the busiest development programmes seen in the North Sea since the West Sole gas field was discovered in the UK sector in October, 1965. No fewer than 11 oil fields are being developed by British licence operators and their output will join the 12 fields which are already on stream and producing 1.74m barrels a day—very close to Britain's daily oil consumption rate.

Another three oil groups are expected to approach the Government within the next few months for permission to develop other reservoirs. They are the Conoco-led group with the Hutton Field, British National Oil Corporation's group with undeveloped reserves close to its Thistle Field, and the Mobil Group which wants to extend production activity in its Beryl Field.

Each of these projects is likely to involve the installation and operation of totally different production systems. Each will reflect the diversity of conditions confronting companies in the North Sea. And they will all incorporate the very latest in offshore expertise because the North Sea is providing a test bed for the world's offshore oil industry.

Take the case of Hutton Field, located to the east of the Shetland Islands between the Cormorant and Brent Fields. It seems almost certain that the eight-member consortium will use a revolutionary platform design which has not yet been used for a full-scale commercial development. Oil will be exploited via a tension leg platform: a floating production structure tethered securely to the seabed.

It is a system that has been considered by a number of operators for it is particularly suited to the development of deep-water fields where the cost of placing a fixed platform might be prohibitive. The Hutton Field itself does not lie in particularly deep waters compared with some North Sea reservoirs — 482 feet to be exact — but Conoco feels that even here a tension leg platform is competitive with more traditional systems.

The Hutton system could cost between £600m and £700m to develop, the sort of investment that companies are having to make to recover oil from even relatively modest fields such as Hutton with estimated recoverable reserves of about 250m barrels.

As further evidence of the way oil field and seabed conditions vary in the North Sea—variations reflected in differing designs of production equipment — the Amoco group has just decided to exploit a field next to Hutton (the North West Hutton Field) by using a conventional fixed steel platform. Here the development cost for the field (with 250m to 300m barrels of recoverable reserves) is put at about £500m.

It seems likely that this type of fixed steel unit will be used as the basis of the production system on the northerly portion of the Beryl Field as well. Here again in excess of £500m will be spent on exploiting recoverable reserves of 250m to 300m barrels of oil.

What is particularly taxing the Government and the offshore industry at present is how operators can economically exploit much smaller discoveries, the so-called marginal fields.

There are about 50 of these already-identified small fields in the UK sector of the North Sea alone. Between them they could contain more than 3bn barrels of oil, almost twice the remaining oil reserves of Shell-Esso's giant Brent Field.

One idea gaining increasing support is the use of sub-sea wellheads, connected either to small fixed structures or floating platforms that could be moved to another location once the field has become depleted. Of course, such wellheads also can be connected to existing production facilities if these happen to be within a reasonable distance. And this is the case with BNOC's Thistle Field.

BNOC is planning to instal up to six sub-sea wellheads to the north of Thistle in order to tap an extra 50m barrels of recoverable reserves. The sub-sea development could cost between £60m and £90m and would be the first step to exploiting several unconnected oil structures in the Thistle block.

It can be seen, then, that those connected with North Sea exploration and development are witnessing a period of renewed activity; one that will be particularly welcomed by Britain's oil platform builders who have had a couple of very lean years.

The developments will also be watched with interest by Governments, regulatory agencies and companies with offshore oilfields. They will want to see the steps being taken to make offshore operations safer, particularly in the light of recent fatalities among divers.

They will be reviewing progress made in the field of inspection and maintenance—of paramount importance in a mature oil-producing sector such as the North Sea where just a faulty valve on a major platform might cause a shutdown and the loss of throughput worth more than £1m a day.

Those involved in the North Sea oil and gas industry are at the sharp end of offshore technology. This is one reason why trade missions and Offshore Supplies Office delegations have been invited to such areas as China, the Middle East, Russia, South America and Australia.

However, this expertise still has not been fully translated into a wealth of export orders for European-based companies. This is where Aberdeen's Offshore Europe '79 exhibition and conference next week can make a valuable contribution.

Change in thinking on support vessels

NOT LONG AGO, the offshore supplies industry and the Government were predicting an exciting market ahead for a comparatively new type of North Sea vessel, the maintenance support vessel (MSV).

The need was for a large multi-purpose submersible, able to deal with emergencies such as blow-outs and serious platform fires and at the same time able to earn its keep by serving as a floating workshop.

After the Ekofisk blow-out, in April 1977, interest in offshore safety intensified. It was predicted that as many as 10 MSVs, at upwards of £25m apiece, would be needed urgently for use in the North Sea as a whole.

Four vessels of this type have been ordered. One, the Phillips SS, is in service. One, for Occidental, is on trial in the China Sea. Two, for British Petroleum and the British National Oil Corporation and the Shell-Esso partnership respectively, are at the early stages of construction. Of these, only one building, for BP/BNOC, has been placed with a British yard — British Shipbuilders' Scott Lithgow.

Every time a major order for the UK North Sea is placed abroad there are protests from industrialists, trade unionists and MPs. These were particularly loud when, shortly after the present government came to power, Shell-Esso authorised the placing of its MSV order with Rauma Repola, Finland.

The Finnish price was £40m, with delivery in two years. The lowest British price is believed to have been £69m, with delivery in three years, and the subsidy that would have been required to build the vessel in a British yard was considered too high by the new government.

Britain's position over this MSV is not entirely gloomy. Seaforth Maritime, Aberdeen, has a £100m five-year contract for its design, constructional supervision and operation and it is likely that orders for some of the installed equipment will be placed in Britain.

Nevertheless, many disagreed with the Government's decision. The former Minister for Energy, Dr. Dickson Mabon, MP for Greenock, said the Finnish price was obviously heavily subsidised. He added that the vessel was one of a future family of similar units and that somehow the Government should have found a way of securing the order for this country.

To add to the chagrin, it now appears that prospects for many further additions to the fleet of North Sea MSVs are fading. There is one more order on the horizon, perhaps two. But thinking on the subject has changed.

The Government and the oil companies are tending to believe that it is sufficient to have an MSV within 24 hours' steaming time of any offshore installation. Five vessels, it is thought, will be able to cover the whole of the British North Sea on this basis.

It is proposed that the first 24 hours of an incident will be covered by a new type of North Sea animal, the RIV (rapid intervention vessel), one of which should be within half-an-hour's steaming time of every platform. It would have fire-fighting capacity sufficient to cool a burning structure and allow the safe evacuation of personnel and would be used in conjunction with a high-speed rescue launch. Ocean-going stern trawlers could be converted to RIVs.

To the disappointment that the MSV market is unlikely to blossom as hoped must be added concern at the absence of work to keep the UK supply boat industry busy. The Norwegians are the culprits here, says the industry, protecting their own market but operating in British waters at low rates.

In the meantime there is little demand for new buildings. There are nevertheless 11 supply boats under construction in Norwegian yards, including four for British owners. There are also three British vessels being built in Japan, but none in Britain.

As the offshore industry moves more into the production phase the trend is towards the use of larger supply boats and the latest vessels are of around 8,000 bhp with considerable load-carrying capacity. When platform construction ceases, the "milk-run" phase begins. In the southern part of the North Sea, one ship will call, on a routine basis, at a number of gas platforms. It is expected that this method will soon be a usual practice in the oilfield areas and that fewer but even larger vessels will be needed.

Welding

Change has come, too, in the drilling sector. Ten years ago it was believed that underwater welding was not really practicable, but last year about 60 major underwater welds were completed in the North Sea by UK-based diving contractors.

With the introduction of mixed gas diving, much longer periods can be spent at depth and there has been a considerable development of divers' skills—in the use of non-destructive testing techniques, for example.

There are just over 2,000 divers employed in the UK sector, an adequate number to cope with current work available. But most divers tend to leave the industry after a few years and the Manpower Services Commission estimates that there is a need to train between 250 and 400 divers a year.

Standards of training in air diving are regarded by the Government as acceptable and have been used as a model by other countries. Mixed gas training standards, however, are under review. There must be less emphasis, it is thought, on long periods at depth under compression and more on emergency routines.

The Manpower Services Commission has decided not to renew the contract held by Shenley Trust Services to manage the Government-supported Underwater Training Centre at Fort William when it expires at the end of this year. The Petroleum Industry Training Board will be invited to take over. There has been criticism of the standards at the centre in the Press recently, but the commission emphasises that the decision does not reflect adversely on the present management and was made some time ago.

At present, only the Fort William centre provides training in mixed gas techniques for British divers. This may change. If, as expected, the regulations no longer require deep dives in the initial stages of training at least one private diving school, Pro-dive, at Falmouth, will offer a mixed gas course.

In spite of the wide range of submersibles (manned and unmanned), one-atmosphere suits and remote-controlled vehicles available, about 80 per cent of underwater work in the North Sea is still undertaken by divers. Field operators would like to use the other methods more, for cost and safety reasons, but feel that they have yet to prove their full capability.

The Department of Energy, believing that offshore industry should be concerning itself with depths inaccessible to divers, has set up the Advisory Group on the Technological Development Necessary for the Progressive Replacement of Man Underwater. Its object is to apply some rational and co-ordinated thought to the development of sub sea vehicle systems.

Remote control of underwater operations is likely to be achieved ultimately by a systems approach to the offshore installations themselves. With deep water in mind, Exxon has experimented with a remotely-controlled submerged production system with some success. The practical application of these ideas is now being applied by Shell-Esso on an underwater manifold centre believed to be designed for the Cormorant Field, expected to be operational by 1982.

Bruce Andrews

Maintenance work estimates revised

THE EFFECTIVE repair and maintenance of off-shore operations is vital to those companies with a massive investment to protect.

The shutdown of one platform on the northern North Sea because of defective equipment can result in the daily loss of production worth up to £1.5m and operational failures have occurred on North Sea oil platforms only months after installation.

Two years ago the UK Offshore Supplies Office, which was set-up by the Department of Energy, estimated that the inspection, maintenance and repair market in the British sector would be worth between £300m and £400m a year in the early 1980s.

However, the industry has now refined its estimates. In March this year Mr. Norman Smith, OSO director-general, told the Offshore Repair and Maintenance Conference in Brighton that it was now estimated that the market for scheduled repair and maintenance work would be about £200m at 1978 values in the early 1980s. He estimated that unscheduled work, that is emergency work, could be put at between £25m and £50m a year.

Of the £200m about 50 per cent is expected to be spent on topsides, rig and terminal maintenance. Of the other money about two-thirds might go on subsea inspection maintenance and repair and one-third on well maintenance and workovers, said Mr. Smith. About five-sixths of the total expenditure is expected to be spent in the northern part of the sector.

Because the off-shore equipment is exposed to such harsh conditions in the northern North Sea it is essential that systems are designed with the best possible access to critical components.

In the early days of exploration and production the oil industry and its associated industries were slow to come to terms with the technological demands of operating in the North Sea. But in the last couple of years new techniques have been developed in areas such as non-destructive testing to combat corrosion in steel and concrete platforms and undersea equipment.

Divers are adopting new kinds of expertise and the design of submersibles is becoming ever more sophisticated, while above the water line more attention is being given to providing ease of access for maintenance crews.

There are new technological developments at present at the research and design stage—such as the wet-well inspection system designed by Vickers Oceanics which has now been taken over by the National Enterprise Board. These innovations have not been introduced yet because maintenance crews have not yet reached the stage of extensive investigation of sea-bed equipment. But as more sub-sea systems are installed so the demand for new sea-bed inspection equipment will grow.

British industry has been quite successful in meeting the needs of the oil companies in this field, particularly with the help of the Department of Energy's Offshore Supplies' Office which claims that in 1978 UK industries took 73 per cent of the repair and maintenance market. But UK companies have found great problems in areas of high investment and or specialist technology. Vickers experienced great problems in the submersibles side of sub-sea work and has withdrawn interests in this field.

Credibility

Intersub, a subsidiary of the Anglo-U.S. Northern Offshore, claimed 60 per cent of the North Sea submersibles market last year and expects this to increase this year. Any company which does perform well in this difficult market has great credibility in less demanding environments and as exploration work is pushed further and further offshore companies which have mastered the existing difficulties of North Sea maintenance and repair should probably stand in good stead.

There has been a slow development of companies offering package repair and maintenance deals. In 1977—BP—one of the first operators in the North Sea where it gained great expertise in inspection, maintenance and repair—formed Omisco on a 50-50 basis with Wimpey. The latter had not been involved in IMR but was in the off-shore construction business. Together they offered companies a complete off-shore inspection and maintenance service including overall planning and management.

However, the consortium has not done as well as expected, mainly because operators want to control as much of the operations as possible. It is the smaller, more specialist companies which have been at an advantage and invited into the market because of specific expertise.

There are two sectors of the market: above and below the waterline. The first involves the servicing of the process and power generating units installed on the platform deck. This involves similar skills to those used in refineries and petrochemical plants on-shore. Therefore competition for contracts is keen—on-shore service companies being able to adapt their skills.

Sub-sea work demands very specific skills, and technical changes in production systems technology is resulting in new maintenance and inspection requirements.

Diving companies are being forced to adapt to new techniques, moving away from traditional methods such as magnetic particle inspection, based on surface techniques, to place more emphasis on closed circuit television, ultrasonic and photographic methods.

As fields in deeper waters are developed, the adoption of sub-sea production systems and tethered platforms may increase. According to an international management report published by the Financial Times, although the maintenance requirements will differ from those of fixed structures the net effect on maintenance and inspection services are not clear.

Sub-sea systems which are remotely controlled and "maintenance free" may be developed to cater for these needs. Alternatively, says the report, sub-sea production equipment may be encapsulated in a manned, pressurised chamber for control and maintenance with access made through submersible vehicles.

Other research may reduce diving time, such as investigation into marine fouling and techniques of protection by using systems or coatings. Much diving time at present is devoted to the removal of this growth.

Improvements in photographic equipment have also meant that vehicles are able to supplement some of the work previously done by divers. However, according to the Offshore Supplies Office, the present generation of divers will not be thrown out of their unpleasant and dangerous work for some years to come.

Lisa Wood

OFFSHORE EXPERTISE III

Yards lack platform orders

A STEADY FLOW of proposals for developing a new generation of oilfields in the North Sea has been submitted for approval to the Department of Energy over the last 12 months, but they have failed so far to ward off the threat of redundancies at several of the Scottish oil platform construction yards.

Two more massive steel platforms were floated out to the North Sea in recent weeks, to the Tartan and Murchison Fields, leaving large gaps in the fabrication yards' order books.

Prospects should begin to look up next year when the oil industry begins a new round of platform ordering for fields such as North West Hutton, Brae and Beryl, which will all require conventional fixed steel platforms. But doubts must remain about the long-term viability of some of the construction yards, given the problem that the North Sea apparently cannot generate sufficient orders to guarantee some continuity of employment.

It is the concrete platform construction yards which have been particularly hard hit. The dearth of orders for this type of structure has meant that the McAlpine/Seatank yard at Ardyne Point on the west coast of Scotland has been without work for more than a year.

Preference

Howard Doris, which constructed the huge 600,000 tonnes concrete Ninian Central platform, has been forced to go into steel fabrication to win new work and the Government-sponsored yard at Portavadie in West Scotland is still idle, having failed to win a single order.

The marked preference shown by the majority of oil companies for steel platforms in the most recent round of ordering has meant that the steel fabrication yards have had more success in winning new work, but here the competition is still fierce.

J. Ray McDermott, which has recently completed building the Murchison platform at its yard at Ardersier, near Inverness, was forced to cut its workforce by 500 in May because of the uncertainty over future orders. This year the U.S. company's Scottish yard has floated out two large steel jackets, the first being the ill-fated structure that was bound for the Namorado Field in the Campos Basin off the coast of Brazil.

The £9m jacket was towed out in January, and got only as far as the southern North Sea near Hartlepool, where it sank in a winter storm.

At the nearby platform yard of Highland Fabricators (the Brown and Root/Wimpey partnership) at Nigg Bay, 1,600 workers, or nearly three-quarters of the workforce, face redundancy by next month because of the shortage of work.

During the summer the Nigg Bay yard has been completing work on small orders for equipment for Amoco, Chevron and Texaco but now has only the contract for the main steel jacket for Shell/Esso's Fulmar Field remaining.

The McDermott yard has a limited amount of work, a cellar deck for the Beatrice Field and piles for Fulmar, to take it through to next summer.

Both Highland Fabricators and McDermott were very disappointed that they failed to win either of the last two steel platform orders awarded for the North Cormorant and Maureen Fields. They are now setting great hopes on securing the next important contract to be placed for the UK sector of the North Sea: the steel jacket for British Petroleum's northerly Magnus Field. That contract should be awarded in the late autumn, and could be followed by other orders next year.

A nine-member group of companies led by Marathon of the U.S. applied earlier this month to the Department of Energy for permission to go ahead with the £700m development of the Brae Field, in the central North Sea.

The group is planning to exploit about 300m barrels of crude oil and natural gas liquids in the southern portion of block 16/7 using a single, conventional, fixed steel platform. A similar structure is being planned by the Mobil group as the second platform for the Beryl Field in a £500m development, which it will shortly submit to the Government for approval.

The Department of Energy has recently given the go-ahead to the Amoco group to develop the North West Hutton Field and the consortium is likely to go out to tender for a steel jacket in a few months' time.

The last two important platform orders to be awarded were for Shell/Esso's North Cormorant Field and for the Phillips Petroleum group's Maureen Field. The North Cormorant order was won by a consortium of Redpath de Groot Caledonian's yard at Methil, Fife and the French company, Union Industrielle et d'Entreprise based at Cherbourg.

But even this latest order was not enough to stave off redundancies at Methil. Last month RGC announced that about 300 of its 800 workforce would lose their jobs by the autumn.

Continuity

Continuity of work at the three main Scottish steel yards was helped nearly two years ago by the withdrawal from platform building of Laing Offshore at its yard on Teesside, where the company built two of the main Forties steel platforms and also the Thistle steel jacket. But earlier this year the competition was intensified again when a new rival emerged in the shape of Chicago Bridge and Iron of the U.S. and the Glasgow-based Weir group.

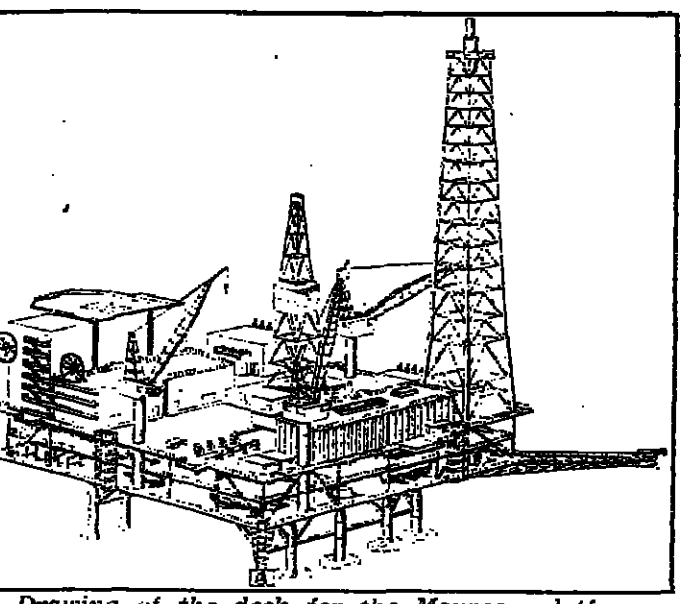
They won the order for the steel gravity platform for the Maureen Field, which will be the first structure to be built at Hunterston, on the Ayrshire coast, at a yard which has lain empty and unused for five years. The integrated steel deck was also awarded to a new partnership, Howard Doris and NAPM of Holland, and will be built at Loch Kishorn on the west coast of Scotland.

All the traditional construction yards must be aware, however, that their future is also clouded by the development of new production technology for developing offshore oil and gas fields. For instance, a group led by Conoco of the U.S. has decided to develop its Hutton Field to the east of the Shetland Islands using a revolutionary platform design, which has never been employed before in the North Sea or elsewhere for a full commercial field development.

The eight-member consortium has decided to use a floating tension-leg platform, instead of one of the conventional rigid steel platforms which are fixed in place by piles driven into the sea floor. Conoco's floating platform will be held in place by chain-link steel hawsers attached to the sea bed.

Beyond floating platforms the oil industry is also looking with growing interest at sub-sea production systems, which can be placed on the sea bed. Sub sea wells will be used increasingly to develop small oil accumulations located near existing platforms, which are not large enough alone to merit their own production systems.

Kevin Done
Energy Correspondent



Drawing of the deck for the Maureen platform, which Howard Doris is constructing at its Loch Kishorn yard for Phillips Petroleum

More pipelines likely in 1980s

THE PROSPECTS for pipeline construction in the North Sea are looking more positive than they have for several months, with several important projects under discussion.

The UK Government's revival of plans for building a gas gathering pipeline and the Norwegian Government's search for a way to bring ashore considerable quantities of gas from Statfjord and other fields has renewed hopes that the oil industry could embark on another major phase of offshore pipeline building during the early 1980s.

For much of the 1970s the North Sea has provided the most important area for new pipeline work in the whole of Europe. All the major oil fields in the UK sector are already linked to the shore by pipeline, but the Government is turning its attention to ensuring that as many as possible of the new generation of smaller fields are also linked into the offshore pipeline system.

Several of the more recent fields to be considered for development are not large enough alone to justify a pipeline link to the coast. But operators are being encouraged by the Department of Energy to consider the construction of links to the major existing oil trunklines.

Pipelines are already in place to serve the most prolific North Sea finds. Oil has been flowing through the 111-mile pipeline from British Petroleum's Forties Field since 1975 to Cruden Bay to the north of Aberdeen, and a year later the 124-mile line from the Occidental Group's Piper Field to the Orkney Islands was completed.

In the Norwegian sector the 220-mile crude oil pipeline linking the Ekofisk complex of seven fields with Teesside on the north-east coast of England was commissioned in 1975, and a year later work was completed on the 275-mile Ekofisk natural gas pipeline which leads to Emden in northern Germany. When peak production from the seven fields is reached in the early 1980s as much as 575,000-625,000 barrels of crude oil and 40,000 barrels of natural gas liquids a day should be flowing to Teesside and 1.6bn cubic feet a day of natural gas to Emden.

Plans for building an oil pipeline link from Statfjord, the largest oil field yet discovered in the North Sea, to the Norwegian mainland were finally abandoned earlier this year. The costs of crossing the formidably deep Norwegian Trench, which runs parallel to the Norwegian coast, made the project hopelessly uneconomic. Despite the Government's reluctance, the partners developing the field finally opted for offshore loading at the field direct into tankers.

However, the most complex system of pipelines in the North Sea is still being developed, to serve the group of major oil discoveries made in the East Shetlands basin. Two major trunklines have already been built to join the Brent and Ninian systems to the £1bn Sullom Voe oil terminal in the Shetland Islands, and the first crude oil began to flow to the islands in the late autumn last year.

Sullom Voe is already receiving crude from the Ninian Field, the third largest discovery in the UK sector of the North Sea, and from the Heather, Thistle and Dunlin Fields.

The existence of the two large 36-inch diameter pipelines, the Brent and Ninian systems, has already meant that several small fields have been tied into pipelines, projects that considered in isolation would never have been economically justified. The main Brent system trunkline actually connects Shell/Esso's South Cormorant field to Sullom Voe through a 93-mile pipeline. The South Cormorant platform is the main pumping station for the network and is the receiving point for oil from a number of other fields.

Oil should start flowing through the pipeline from the Brent Field, the largest discovery in the UK sector, in October—the field came on stream in November 1976 but all production so far has been loaded offshore direct into tankers—and it will be followed early in 1980 by the South Cormorant Field itself, which has been delayed for several months by construction hold-ups offshore.

The first flow of oil should also begin from the Conoco group's Murchison Field next year and during the early 1980s both the North Cormorant and the North West Hutton Fields will be linked into the system.

The Ninian trunkline to Sullum Voe is likely to be handling a smaller throughput than the Brent system. It was first brought into use last autumn for the small Heather Field, but at the end of December production also began from the Ninian Field itself, which is expected to have an output by 1981 of 350m b/d. This will be added to in 1983 by British Petroleum's Magnus Field.

For fields under development further south in the North Sea, the obvious systems with which to connect are the Piper or Forties pipelines. Texaco, which is well-advanced with the development of the Tartan Field, has reached agreement with the Occidental Group to use its Piper/Claymore pipeline link to the Orkney Islands. The deal has involved the construction of a 17-mile feeder pipeline from the Tartan Field to the Claymore platform.

Less clear are the transport systems that finally will be chosen for other central North Sea oil fields, such as Brae in block 16/7 and the Phillips Petroleum group's Toni/Tiffany/Thelma discoveries in block 16/17.

However, the Government faces something of a dilemma over its insistence that fields should be developed with a pipeline. It is also keen to promote a steady flow of orders for the UK offshore supplies industry and some North Sea operators have suggested that field developments could be held up for many months, or even postponed, if the Department of Energy insists on a pipeline link as a condition of approving the development.

Phillips Petroleum's Maureen Field is a clear example of this problem. Earlier this year the Government reluctantly allowed this development to go ahead with a system of offshore loading because the overriding consideration at the time was the need to attract more work for the platform-building industry in Scotland.

Flared

The wish to make the fullest use of the North Sea's hydrocarbon resources is the driving force behind plans laid by both the British and Norwegian governments for gas-gathering pipelines. As much as 700m cubic feet a day of gas—equal to about 15 per cent of the present UK gas consumption—is currently being flared in the UK sector of the North Sea. The Department of Energy is anxious to reduce this waste and create facilities for bringing the majority of associated gas production ashore.

The problem is that, taken individually, most oil fields do not produce nearly enough gas to justify their own pipelines. A major gas trunkline has been built from the Brent Field to St. Fergus, to the north of Aberdeen, but this field has an unusually high gas content (it is due to begin operation in October next year) and it is the exception.

This line will be used as a mini-gathering system to collect associated gas from some of the other fields to the east of the Shetlands. At the same time fields such as Piper and Tartan will feed their associated gas output into the trunkline that leads to St. Fergus from the Anglo-Norwegian Frigg gas field. But many fields are still being left outside the network, and, eventually, unless a gas-gathering pipeline is built much of their gas output will simply have to be flared off wastefully into the asmosphere.

The latest project to investigate the feasibility of a gas-gathering pipeline in the UK sector has been undertaken by Mobil, the U.S. oil company, in conjunction with the British Gas Corporation.

Kevin Done

A springboard for exports

IN A FEW days' time a delegation from China will visit Britain to attend the offshore conference and exhibition at Aberdeen and to talk to companies in the offshore oil and gas industry. The visit is symptomatic of a growing worldwide interest in offshore exploitation which has intensified since the Iranian crisis and the world oil prices.

It has been estimated that as much as 40 per cent of the world's oil reserves could lie offshore and almost every country with a coastline—including those whose waters were until recently not seriously thought to be prospective is now eagerly considering its offshore prospects. This includes existing onshore producers, some of whom, such as Venezuela, hope that their continental shelf may yield a "sweeter," more acceptable oil.

Accurate quantification of the world market for offshore equipment and services is impossible. Oil companies report orders placed in the UK sector to the government but even the figures this procedure reveals (£1.57bn last year) are regarded as little more than a rough indication of the business generated.

The UK Offshore Supplies Office used to talk of a world market of £4-6bn a year. Now it assumes the possibility of expenditure in a few years' time being four or five times that in the British North Sea. This assumption gives perspective, if nothing more: a huge market appears to be looming.

Surely this presents an exceptional opportunity to the British offshore industry, which has the advantage of a comparatively mature offshore province on its doorstep and experience of large-scale production in a hostile environment? The North Sea, runs the cliche, should give the offshore supplies industry an invaluable springboard into the export market.

So it should. But it is glib to assume that there is a huge market vacuum just waiting to be filled by the British.

Countries developing their offshore resources hope to supply as much of their own needs as they can. The UK after all, has adopted this approach and now supplies more than 60 per cent of its requirements, with many believing that the Government has been too soft and that the percentage could be higher. Countries less bound by commitments to their trading partners may be expected to adopt a tougher line. And some, of course, will have reason to favour partners other than Britain.

Nevertheless, Britain has considerable strength. At the earliest stages there is capability for initial geological and seismic work. At the exploration stage, there is not a great deal to offer—overseas companies have dominated the manufacture and operation of the rigs used in the North Sea—but British expertise comes on strong again at the field development stage.

This was well illustrated at the Offshore Technology Conference at Houston this year where the UK fielded the largest number of overseas exhibitors and contributed some impressive technical papers.

Experience

A number of contractors and consultants are now able to offer exceptional design and contracting services—Halcrow Ewbank, CJB Offshore, Wimpey, Davy Offshore, Humphreys and Glasgow, Matthew Hall, and William Press are names which spring to mind. There is experience here to bid effectively, in consortium, on a "turnkey" basis—undertaking platform design, construction, and tow-out, and the hook-up and commissioning of production facilities.

Some countries—India is one—are known to favour this approach, although, up to now, the idea has not been popular with the companies, perhaps because of the large-scale risks involved.

The tale of the Scottish-built jacket for Brazil's Namorado Field, which sank on tow-out, although seemingly through no fault of the yard, has not helped the national image. But the experience is largely irrelevant. The British advantage does not lie, as was once thought, in the construction and export of basic offshore hardware. If jackets and modules cannot be built in the country that needs them there are many countries as able to build them as Britain. Some will be nearer. Others will often be cheaper.

Where Britain ought to score is in the provision of consultancy and design services and of specialised equipment that can stand the cost of the journey, and in the construction, with local partners, of heavy equipment in the yards of the host country.

Brazil is a classic example. CJB Offshore has been providing technical service for Brazil's offshore sector since 1976, with its contract extended last year for a further three years. Worley Engineering, a William Press subsidiary, has the topsides design contract for the Namorado platform and Davy Offshore that for the Enchova Field.

This month Redpath Dorman Long (International), part of British Steel, helped to restore the unfairly tarnished national image by securing a share in the second Namorado platform contract in partnership with two Brazilian companies and Heerema, Holland. But this time the platform will be built in Brazil. Horizon Exploration (formerly S and A Geophysical) starts seismic work in the Brazilian sector shortly with its survey ship, Oil Hunter. Ocean Inchcape has set up a Brazilian supply base.

Brazilian work out for bidding at the moment includes seven modules for the Enchova and Garoupa Fields, expected to be built locally. Several British companies—Press, Davy and Motherwell Bridge among them—are included on the prequalified list, in conjunction with local partners.

Other South American countries are regarded as promising longer-term prospects, particularly Venezuela and Argentina.

There are good prospects in the Middle East. Two offshore platforms are to be installed in the central Zakum Field, off Abu Dhabi, one for power generation and one for water injection, and a further four platform orders are expected for Upper Zakum. The French will be a formidable competitor here but hopes for some form of British participation are high. There are also expectations for the development of a large gas field off Qatar.

Best near-term prospect could be the North Rankin Field off Western Australia. Worley Engineering is early on the scene here with the contract for the design work for two platform topside facilities and has established an office in Perth with a staff of more than 100.

The North Rankin prospect, on which $A50m is being spent on feasibility studies alone, involves two new supply bases, a liquefaction plant and offshore and onshore pipelines, in addition to development of the field itself. A firm decision on whether to go ahead is expected in the next two or three months with the ultimate cost expected to be about $A3bn.

Stability

The market worldwide is highly diverse and industrialists are advised, while making full use of the information and services provided by the government, to select their own target countries where they expect their particular experience to be at its most valuable. They should consider financial factors, such as the ease, or otherwise, with which funds can be repatriated, and the prospects for political stability. They should then secure detailed knowledge of each country concerned and its requirements and, where appropriate, look for local partners and associates with complementary know-how.

John Anderson, who heads the OSO's export unit, points out that although the major oil companies have extensive worldwide procurement services, there is a tendency in some countries for State oil companies to seek a closer involvement in the award of contracts. "The wisest course is to get to know the State oil company as well as possible while retaining links with the oil majors," he advises. "But, at the end of the day, it's efficient performance that counts."

Next week's visit by the Chinese delegation follows a series of visits to China this year by British offshore interests. British Petroleum and Matthew Hall gave a seminar presentation in Peking in February. Horizon Exploration and Decca followed in March, British Shipbuilders and Wimpey in April and British Underwater Engineering in June. In July more than 100 UK companies had stands at an energy exhibition in Peking.

Not all the British concerns involved in offshore work are unaccustomed to working with the Chinese. Humphreys and Glasgow, for example, were involved in the installation of onshore gas plants in China early in this century and have subsequently commissioned ammonia and methanol plants there.

Delegates to Peking were surprised, however, at the extent of the Chinese interest offshore and of the progress made to date. Production has already started, on a limited scale, in the Gulf of Pohai, where several small platforms are installed. Exploration drilling is underway in the East China Sea and seismic surveys are being run in the Yellow Sea and the South China Sea.

The Russians received representatives from 28 British oil and gas companies in Moscow in July. Here the interest lies in the Caspian, where BP and Wimpey are part of an international consortium which is bidding in connection with a steel platform jacket yard at Baku and a module assembly yard at Astrakhan.

But the Russians are also enthusiastic about the possibilities of the Barents Sea. The first question they asked the British visitors was: "How much experience have you had in dealing with icebergs?"

Bruce Andrews

Gas sector depends on flexible supplies

NATURAL GAS from the UK sector of the North Sea began arriving on shore, from British Petroleum's West Sole Feld, in March 1967, eight years before the first oil field was brought on stream. Within a decade the British Gas Corporation's net work was "converted" away from town gas to the extent that customers are now wholly reliant on offshore supplies.

This puts Britain's offshore gas industry in a somewhat different position to that of the oil sector. It is a far more mature offshore operation, now geared more to maintaining supplies and balancing those identified supplies with demand, than to a rapid buildup in production.

Consequently, those involved in gas production and distribution are demonstrating a sphere of offshore expertise of their own, one often overlooked in the excitement of the North Sea oil race but one which could have a considerable impact at home and in other mature gas-producing areas.

The problem is this: the Gas Corporation, looking at the size of potential reserves, has promised its customers that there will be plenty of gas to last into the next century when other sources, perhaps substitute natural gas, can be used to meet demand.

However, this offshore natural gas will come from differing sources and at times which cannot be dictated by the corporation. For instance, a good deal of the future supplies will be taken from oil fields where gas is produced in association with crude oil.

The rate of gas deliveries will be determined largely by the speed of oil development and that, in turn, will be influenced by Government economic and depletion policies which have still to be clarified. To add to the problem, these supplies must meet a demand level which is far from constant.

For instance, domestic gas sales, which account for about half of the therms sold in the UK, vary tremendously depending on the time of the year and, to some extent, the time of the day. The other sectors show similar, although less variable, patterns of demand.

The recent Price Commission report into the Corporation's activities illustrated the extent of the problem. It reported that in the 12 months to the end of September 1980, tariff sales in the domestic and non-domestic sectors would average 26.5m therms per day throughout the year, but on a very cold day (of the kind estimated to occur only once in every 20 years) the same segments would demand 67.8m therms.

Strange as it may seem, this has a direct bearing on offshore operations, providing a challenge peculiar to the suppliers and buyers of natural gas.

The object is to gain the maximum flexibility from supplies. On the face of it, this is becoming more difficult to accomplish. As it stands, the corporation has already negotiated a good deal of leeway into the contracts with the operators of the six gas fields in the southern sector of the North Sea: Leman Bank, Indefatigable, Viking, West Sole, Hewett and Rough.

Here the corporation has contracted to buy gas at a rate that will sustain an average load factor of about 60 per cent over a 12 months' period. For instance, in the year ending September 30, 1980, it could buy 57.8m therms on a peak day as against an average of 34.8m therms.

Withdrawn

To increase the flexibility even further some purchase contracts allow the corporation to take less than the specified annual quantity of gas. However, this unused gas is still paid for and may be withdrawn from the field in a later year.

The position is trickier in the northern part of the North Sea. Here there are two general sources of supply: natural gas from a gas field like Frigg and associated gas from the growing number of oil fields. Production from the Anglo-Norwegian Frigg Field, operated by a group of French and Scandinavian companies, has been building up to a point where it is supplying about a quarter of the Gas Corporation's needs.

The average load factor of supplies from Frigg is believed to be between 70 and 80 per cent of the peak. There are several reasons for this, including the nature of the reservoir and the transmission system. Economics have also been an influencing factor. The investment in Frigg is of far different order from money spent in shallow water gas fields to the south.

Stockbrokers Wood Mackenzie put the capital cost of Frigg at $3.3bn with an annual operating cost of $195m. Thus the Frigg partners have been able not only to secure a higher price for their gas than those in the southern basin fields but they have also been able to negotiate a higher average load factor.

The operators' negotiating hand was strengthened because 60 per cent of the field's reserves lie beneath Norwegian waters; consequently British Gas had to compete with potential buyers in other parts of Europe.

The average load factor from fields yielding associated gas probably will be even higher than that for Frigg. This almost certainly will be the case if, as seems likely, fields are to be linked to a new gas gathering system which is now being reviewed by Mobil and the Gas Corporation. It is quite possible that a pipeline, running down the spine of the North Sea area, could have a throughput akin to that of the Frigg line if enough operators can be persuaded to join the venture.

It can be seen that over the coming years, as the northern fields become more important as gas suppliers to Britain, the Gas Corporation will have to find new ways of building more flexibility into its distribution system.

One idea, now being seriously discussed with oil compaines, involves the use of two southern gas fields as storage vessels. Two partly-depleted fields in particular would lend themselves to this treatment; Rough and Hewett, whose geology would make them suitable for use as natural storage tanks.

Rough is now operating at its peak production level—an estimated 104m cubic feet a day—and should go into decline in 1982. Hewett is in an even more advanced state of depletion; its current output is about 650m cubic feet a day as against 785m cubic feet a day in 1976.

By the mid-1980s its output could be down to 410m cfd although it is quite possible that by then Hewett will have assumed a new role: storing gas produced from more northerly fields during summer months and boosting the level of supplies during the winter.

The Price Commission has indicated the extent to which the corporation would have to build up its storage capacity. In its recent report it said British Gas had storage capacity in excess of 8.2m therms a day (the exact figure has not been divulged)—enough to meet the current needs of a peak daily demand. By 1983-84, however, the corporation would need at least 23.3m therms a day of storage to cope with the high peaks in demand.

The use of the southern gas fields is one answer. The corporation is also putting in extra liquefied natural gas storage facilities and developing salt cavity storage underground in Yorkshire.

But there is another possibility which has arisen, somewhat fortuitously, in the Irish Sea. British Gas has discovered its own gas field—the Morecambe Field—between Liverpool and the Isle of Man. The field, containing estimated recoverable reserves of 2-3 trillion cubic feet, is to be developed at a cost of some £450m.

The corporation, with sole interest in the field, had intended to start production in 1985 but in view of its need for flexibility the field might well be brought on stream two years earlier. For Morecambe provides an important bonus for British Gas: its output can be turned up and down in tune with seasonal demand.

The Morecambe development will make a significant contribution to Britain's offshore industry, not only as a peak-load supply facility, but also as its own centre of development technology. It is envisaged that the field could need as many as nine small drilling platforms and two production platforms.

All this indicates that the offshore gas industry will play an important part in meeting Britain's energy needs for several decades to come.

Ray Dafter

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To all Senior Managers. Ten things you can do about energy efficiency in the next four hours.

By Gordon Wootten, Venture Manager, Shell Energy Management.

1. Draw together a small group of people, within your organisation, who have the range of skills – engineering, building and financial – necessary to form an energy conservation group.

2. Agree a brief to prepare a report within twenty days, which answers the following basic question:

Is the equipment we have, working as efficiently as possible, especially in heating and ventilation?

3. Meet with plant manager and production controller. Ask them to provide, within a week, a maintenance schedule with recommendations as to how it could be improved or amended to save energy, and how much, and ask them to examine the current production schedule with a view to removing energy peaks (steam, electricity and compressed air for example) and advise the group accordingly.

4. Dictate a note to all staff, advising them of the need to save energy, the steps you have taken and asking them to play their part in switching off lights, plant and machinery whenever possible; and particularly during work breaks.

5. Ask the accountants to provide the information needed to monitor your energy consumption and work out targets for improvement.

6. Contact the Department of Energy and ask to be placed on their mailing list for all information on energy conservation.

7. Write to the manufacturers of your plant and machinery and ask if they have developed any improvements which can be applied to your equipment to save energy.

8. Walk around your premises and take a note of:

(i) Any area where you feel the temperature may be too high.

(ii) Any leaks of steam, hot water and compressed air.

(iii) Any broken windows, self closing doors which don't close automatically, any roof lights which are broken or seized open.

On return to your office issue instructions to effect the necessary repairs immediately as there is almost no repair cost which will be more than the savings achieved.

9. Contact the transport manager and ask him for his views concerning the size of your transport fleet, and the fuel used in an ideal situation: to give you the basis of a re-appraisal of your policy on group transport (and don't be surprised if he advises you to change to a MINI).

10. Send for this free Shell study. Improved Energy Efficiency is a booklet which goes more deeply into the use of energy and how you can save it. If you would like a copy, please post the coupon.

Please send me a copy of 'Improved Energy Efficiency.' FT2
(Allow 14 days for processing and mailing)
Name
Address

Field of interest: ☐Industrial ☐Commercial ☐Domestic ☐Education ☐Government (Please tick as appropriate)
Post to: Shell UK Ltd., FREEPOST, Cheddar, BS27 3BR

Energy sense from Shell.

Helicopters now essential

WITHOUT THE helicopter it is probable that the pace of development of the North Sea oil and gas industry—and, indeed, other offshore developments in other parts of the world—would have been much slower than it has. While much of the heavy equipment for the rigs was, and still is, carried to the sites out at sea by surface vessels, the helicopter has been used increasingly as the means of keeping the rigs regularly supplied with men and more easily transportable food and materials, and it is now an indispensable adjunct to operations offshore.

In fact the two industries—oil and helicopter—have benefited mutually, for the severe technical and operational demands that offshore transport have made on helicopter technology have in turn forced the pace of rotary-winged development, generating a much keener awareness by helicopter manufacturers of the need to improve the size, range and fuel-efficiency of their vehicles. As a result, new civil helicopter designs have emerged more swiftly than might otherwise have been the case.

Today the story of developing offshore expertise in air transport remains very much the story of the helicopter, although fixed-wing aircraft also play a substantial role in ferrying men and materials from the mainland airports such as Aberdeen, Edinburgh, Inverness and Glasgow, to the transfer points such as Sumburgh, Unst, Scatsta and Kirkwall for example, where they can be moved on to the helicopters for the final stages of the journey out to the rigs and platforms.

All along the east coast of Britain, what were once small and in some cases comparatively quiet airfields have become major transit points as the North Sea oil and gas industries have developed. It is estimated that upwards of £50m has already been spent on the development of airfields to serve the North Sea industries, while probably as much if not more again has been spent on the landing platforms on the rigs themselves, with all the associated developments of radar and navigation aids, and complex air traffic control systems to cope with the rising volume of traffic.

As with the facilities, so with the companies using them. It is estimated that there are now more than 30 helicopter companies, large and small, engaged in some form of oil industry related activity, whether on regular long-term contracts servicing the rigs and platforms or on simple ad hoc passenger charter work up and down the east coast or elsewhere in the UK.

Workhorse

The two biggest companies in the business are Bristow Helicopters, with a fleet of about 60 aircraft, including 18 of the twin turbine engined 24-seater Sikorsky S61Ns (the workhorse of the North Sea helicopter industry) and ten of the 19-seater French Puma transport helicopters, and British Airways Helicopters, with a fleet of 33 aircraft, in service or on order, including 23 of the S61Ns.

British Airways Helicopters has on order three of the big Boeing Vertol commercial Chinook, a twin-engined giant that will be able to carry up to 44 passengers over distances of 650 miles, or carry a payload of 12½ tons. These aircraft are due for delivery in late 1980 and early 1981. These helicopters promise to revolutionise the transport of men and materials from the mainland sites such as Aberdeen to the furthest rigs at sea. British Airways has also ordered three of the new Sikorsky S-76 12-14-seater helicopters.

The extent to which the helicopter has become a major element in the daily life of the North Sea can be gauged from the fact that British Airways Helicopters alone is making about 120 flights a week to and from Sumburgh Airport in the Shetlands, about 80 flights a week to and from Aberdeen, and about 50 flights a week to and from Beccles. So substantial has British Airways Helicopters' activities become that it is seeking permission to build its own major helicopter terminal at Bridge of Don, near Aberdeen, for North Sea work, a plan which so far has been blocked by environmental and other planning objections in the area concerned.

So significant has air transport become to the North Sea that the Civil Aviation Authority, which owns and operates Sumburgh Airport in the Shetlands, has just completed a further £18m development programme there, bringing to more than £30m the amount spent on that airport in recent years. The new Wils Ness helicopter terminal and other facilities there include a new helicopter runway; separate parking aprons to accommodate 24 helicopter stands; additional fixed-wing aircraft parking; and new taxi-ways.

Sumburgh is the fastest growing airport in Western Europe, almost entirely because of the growth of the oil industry. From 71,000 passengers in 1972, activity has risen to close to 700,000 passengers last year, with the 1m mark likely to be reached by 1980 if not before. Helicopter transport accounted for over 270,000 passengers last year, aircraft movements have risen from 8,100 in 1972 to close on 51,000 in 1978, of which nearly 27,000 movements last year were by helicopters. Freight has risen from 205,300 kg in 1972, to reach over 1.95m kg in 1978, and is still rising.

Also in the Shetlands, at Baltasound, is Unst, which began as a small social service airfield built by the army in 1967-68, but which has just been developed at a cost of about £1m to serve as a more forward base for helicopter transfers to and from the rigs, as oil development and production itself moves further north up to and probably beyond 62 degrees north, and to the west of Shetland.

Owned by the Shetland Islands Council, Unst has been developed by a consortium of oil companies, headed by Chevron and including BNOC, Unionoil and Shell. There is now a new terminal building, aircraft parking area, control tower, offices and refuelling facilities for both fixed-wing aircraft and helicopters. The one runway is only 1,230 ft long, and so is, at this stage, suitable only for light aircraft such as Twin Otters and Islanders and Trislanders aircraft. But as a result of these developments, traffic at Unst which amounted to 25,700 passengers last year, or nearly 2,700 movements, of which over 900 were by helicopters, is expected to rise substantially.

A joint company, Technical Support Services (Unst), has been set up by the Shetland Islands Council and Airwork Services, with the Council owning 51 per cent, to run the airport. Management is in the hands of Airwork Services. The cost of the joint venture will be borne by the oil companies using the airport. Helicopter services at Unst are provided by Bristow Helicopters, while Loganair flies the fixed-wing services. Further developments at Unst are envisaged as more companies move in, entailing the use of perhaps larger aircraft and the establishment of major base facilities such as engineering maintenance and hangarage.

Another Shetlands airport which is also developing rapidly under the stimulus of the North Sea developments is Scatsta, at Sullom Voe, where the first landing was made in July last year and where no less than 42,600 passengers were handled in 1978, from 1,786 aircraft movements. Most of these passengers were on oil-related business, although Loganair also uses Scatsta on its inter-island scheduled air services. Over £2m has been spent at Scatsta to enable BAe-748 twin-turbo-prop airliners to fly in men and materials from Glasgow and other mainland airports.

A novel idea for a floating airport to serve the oilfields in the East Shetland basin has been proposed by Seaforth Maritime, the Aberdeen-based offshore support and engineering company (which was recently awarded the main contract for the design, construction supervision and operational management of the new Shell-Esso multi-functional support vessel for the North Sea).

Seaforth, which has been working on its concept for over a year, suggests a design for a "Seaforth Stolport" that would be based on a purpose-built semi-submersible hull structure offering good stability characteristics. It would have a runway almost 3,000 feet long and over 230 feet wide, designed for use by such types of aircraft as the new de Havilland Canada Dash 7 four-engined short take-off and landing (STOL) transport. A system of powerful manoeuvring thrusters built into the lower pontoons of the semi-submersible would allow the Stolport to take advantage of wind assistance for take-offs and landings, and eliminate cross-wind problems.

The reaction of the oil companies so far, according to Mr. James Hann, managing director of Seaforth, has been a mixture of scepticism and encouragement, but with enough of the latter to show that the concept of the floating airport is worth pursuing. Whether the Stolport concept ever comes to fruition remains to be seen. Meanwhile the oil companies will be obliged to continue to make increasing use of the steadily improving airfield facilities at places like Sumburgh, Unst and elsewhere.

Michael Donne
Aerospace Correspondent

Support services face the weather

ACCORDING TO several companies which provide catering facilities in the North Sea there are no great fortunes to be made from the oil industry.

It is a highly competitive and insecure market dominated by nine companies, most of which are UK-based and susbidiaries of major catering chains.

Many of the large chains gained footholds in the North Sea catering business by purchasing small Aberdeen or other Scottish catering companies which had pioneered the North Sea service.

The nine companies, which account for more than 95 per cent of the work, are: Sea Hotels (part of the Grand Metropolitan Group), Offshore Catering Services, Kelvin Catering, Caterea International, Chalk Drill Cater, Scot Catering, Universal Services, Sodexho and ARA Offshore Services. All the companies are members of an Offshore Caterers Association which was set up mainly to discuss common problems but not, its members insist, to negotiate wage scales or set up a price-ring.

ARA Offshore Services, a subsidiary of ARA Services, was formed in 1977 with the purchase of an Aberdeen catering company—Ossco—which had been one of the first catering companies in the off-shore market. ARA now holds seven contracts, most of which are for platform catering.

Much of the catering on rigs is not put out to tender, with specialist drilling companies preferring to do their own catering. The basic difference between catering on rigs and platforms is that the number of men on a platform is greater and there is a need for a permanent 24-hours-a-day service. Oil companies tend to spend more per person on services on platforms: between £3.50 and £4 per head per day.

According to one catering company the oil companies are not as ultra cost-conscious as in the early days when the Americans, in particular, during *the exploratory days did not* realise the cost of food in the UK and were used to dealing with catering companies which employed cheap foreign labour.

Most catering companies in the northern North Sea employ only British labour and in the light of the conclusion of a recent industrial dispute between the companies and their staff all companies will be negotiating agreements with their workers on a very similar basis.

Mr. Frank Harrison, general manager of Sea Hotels, said: "As a basic package all wages in the North Sea in the catering industry will become very similar during the next few months. The Americans have found, after being in this country for some time, that they can't just employ cheap catering labour."

Obstacle

Catering companies in the North Sea say there are no great problems in operating an off-shore service which usually includes laundry and housekeeping duties. But there are difficulties such as maintaining regular food supplies, particularly in the winter, and crew travel (employees work on a two-weeks-on two-weeks-off basis) during poor weather. But the greatest obstacle in the efficient running of services is the design of galleys.

Mr. Harrison said: "Companies tend to build a structure and then look for a spare corner in which to put the galley. Shell, one of the companies we hold contracts for, is up-grading facilities on two of its platforms at the moment. But we as a company have never been consulted in the original platform design. We would like to be involved in the initial stages.

"Contracts also regularly change hands and caterers never really understand why. Perhaps the oil companies simply want a change. Most of the catering companies are on a par for service and prices."

Efficient and reliable off-shore communications are vital for the oil industry and the Post Office at present is engaged in a £7m programme for North Sea communications in conjunction with Marconi Communications Systems.

When oil exploration work started there was only standard maritime radio telephony available to the companies. Operating on short wave this posed problems of interference, fading and congestion. The Post Office enhanced the system as far as it could, given the technology, by providing an additional radio telex facility for the exploratory rigs and their support vessels.

However, an improved service was demanded by the platform operators and in 1976 the Post Office adopted a system then unused in the UK which relies on tropospheric scatter *and which is known as trans-horizon microwave radio.*

Radio waves at microwave frequencies, normally used for line-of-sight communication, are scattered by turbulence in the troposphere. As a result they become "visible" to aerials far beyond the horizon, just as a searchlight's glow can be seen when the beam itself is out of sight.

Focal points of the off-shore network are the two radio telephone stations, sited on Shetland and near Fraserburgh, to serve almost the entire British sector of the northern North Sea gas and oil field areas. Trans-horizon services based on these stations are expected to be able to meet off-shore communications needs until the mid-1980s. The Post Office then envisages supplementary engineering work to provide new stations.

All the equipment — aerials, transmitter receivers, and systems for both stations have been supplied by Marconi Communications Systems. The first platform to be linked with this automatic public telephone service was Mobil's Beryl platform, 95 miles east of Shetland, in 1976—with a service linked directly to most of the UK's 20m telephones and to the telephone systems of 26 countries.

By the end of this year the Post Office will have connected all the platforms in the British sector to the tropo-system.

However, the tropospheric scatter system does have limitations on use as it is affected by the vagaries of the weather. The installation of cables is not practicable because of the risks of damage by trawling and the laying of pipelines, and therefore a preferred option is the provision of space in a European Communications Satellite. The European Space Agency has proposed that one should be built and part of its capacity has already been allocated to the off-shore oil industry.

Lisa Wood

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Television

True confessions of an adman

by WINSTON FLETCHER

Being an adman, my company provides me with a TV set on which to watch my competitors' little 30-second epics. Last week, after optimistically gazing at ITV's less than gripping blue card for a couple of evenings, I guiltily switched over. This dangerous confession of a tax dodger has been provoked by the BBC's clodhopping inquiry into advertising, *The Persuaders*. If my taxman has been following the series he will already have been informed that my set is a perk which "constitutes one of the main rewards of marketing." Doubtless he will calculate the value of my week's illicit BBC viewing, and a gigantic tax assessment will soon be winging its way through my letter box.

Taxman be warned: I shall fight. If there were any justice in the world the boot would be firmly on the other foot and the BBC would be paying me—paying all of us—compensation. The strike has destroyed forever that hoary old intellectual myth about the superiority of BBC programmes; touchingly, if somewhat astonishingly, ITV's absence has made almost everybody's heart grow fonder.

The Persuaders itself has been a wonderful commercial for the commercial channel. The series awe-inspiringly achieves the unusual coup of being simultaneously condescending and naive. Bigoted and boring, the programmes come alive only when the ads they so much despise appear on screen. Hence last week's programme on sports sponsorship—which unhappily lacked commercial footage—may well have smashed the world all-comers' armchair snoozing record.

Before I go on about *The Persuaders* I should perhaps declare an interest. Some months ago a lady from the BBC telephoned to inquire whether I would appear on the programme and discuss subliminal advertising. Subliminal advertising comprises ads flashed on a cinema or TV screen so fleetingly that they cannot consciously be seen; their efficacy is highly dubious; and following research tests in the United States over two decades ago they were universally banned.

"What subliminal advertising?" I therefore asked the BBC lady, "there isn't any?"

"How can you be sure?" she responded. "You wouldn't be able to see it if there were."

A metaphysical point which Descarte himself would have found hard to refute. "Who would be transmitting subliminal advertising?" I asked numbly. "ITV?" It's against the law. Pearl and Dean? Or are you suspicious the BBC may be broadcasting insidious Coke commercials and earning clandestine revenue from the CIA?"

"So you refuse to appear on the programme and talk about subliminal advertising?"

"What subliminal advertising?" I asked. "There isn't any."

"How can you be so sure?" she responded, "you wouldn't be able to see it. . . ."

This marshmallow disputation meandered on for some 15 minutes; at the end of which I was fairly, if foolishly, convinced that my interrogator had understood that subliminal advertising does not exist.

Imagine my astonishment when, in the first *Persuaders* programme, the representative of Levi's jeans (in response to a question which had been naughtily edited-out) was to be heard denying that his company's exceptionally visible commercials were in any way subliminal. Nor was that the end of it: the mythical beast has raised its invisible head more than once in the succeeding programme.

Why? The majority of the *Persuaders'* viewers — it goes out at peak-time on Thursdays —can have little inkling of what subliminal advertising is. The programme's producers don't seem too clear themselves, come to that; but they know it to be an emotive, controversial word and so drag it into the proceedings willy-nilly, at every opportunity.

Driven by dizzy desire to be provocative right from the start, *The Persuaders* began by rushing in with an elephantine error. Manufacturers, it was shockingly stated, spend £1,800m a year on advertising. What a whopper! Manufacturers spend less than half that. The majority of advertising expenditures goes into Government public service publicity, retail advertising, recruitment, and tiny classifieds. None of which have been deemed worthy of even a passing mention in the five programmes to date.

On the other hand headhunting ("The advertising business is a jungle, and every jungle has its headhunters"), though hardly unique to advertising, merited a suspiciously large slug of programme three. Why? Not merely because it allowed the embarrassingly gauche Charlotte Allen to crack appalling puns ("This is when the jungle drums really begin to beat"); but because a headhunter ("The Queen of the London jungle") had been trapped into admitting that adfolk gets perks—like my TV set—from their jobs.

Perhaps because the loftily licence-funded Corporation so rarely makes programmes about hard-nosed commerce (and if the *Persuaders* is anything to go by, let's hope things stay that way), the producers have been breathlessly excited throughout at having discovered that people work in advertising to earn money. Quote: "However softly it's mentioned, money *is* important when marketing people move from one job to another." This may be a shock to Miss Allen, but is unlikely to be a startling revelation to members of the T and GWU.

Nor, sadly, were such blinding glimpses of the obvious restricted to *The Persuaders* last week. Tuesday's documentary on *Young Love* burgeoned with deathless truisms, as though Shakespeare had never written of the Montagues and Capulets; as if indeed nobody had ever discussed the subject before at all.

Young Love also raised the more intractable and recurrent TV reporters' dilemma of how far it is justifiable to broadcast film which may cause painful embarrassment to those who —admittedly of their own free will—have guilelessly confessed in front of the cameras to something that should have been kept private. In *Young Love* an elderly lady discussed her husband's sexual inadequacies rather more candidly than he could possibly have wished: I was very glad not to have to be in his shoes in the factory canteen on Wednesday morning.

For an object lesson in how to fend off intrusive questions, Sir James Goldsmith's *Person-to-Person* performance was a gem. Hostile to what he called our "see-through society," Goldsmith simply refused to answer those of David Dimbleby's questions which he considered improper. To which must be added the rider that Dimbleby's interrogating technique is rather gentle. Throughout the *Person-to-Person* series he has allowed his guests a little too much freedom to say what they like and get away with it. He is no picador, his questions never really pierce the skin. It would be fascinating to see whether Sir James could have deflected John Freeman's far more incisive *Face-to-Face* questionings of yesteryear.

Sir James, we may be sure, was in no way embarrassed by his televisual confessions the next morning; however in this as in so many other things, he is an exception to the rule. One of the many crosses which poor misunderstood TV reporters have to bear is that everybody in the world wants desperately to appear on the box so they can afterwards complain bitterly of having been misrepresented.

Perhaps to assuage their conscience, many TV people have post-rationalised this into the conviction that they have only done a topnotch investigative job if the participants scream Rotten Foul! as soon as the programme appears.

Indubitably *The Persuaders'* team will persuade themselves that my tetchy criticisms prove conclusively they have scored a mini-Watergate. It is not necessary, however, to make every documentary into a Shock Horror Probe — as Barry Norman so delicately proved in his marvellously cool and balanced *Hollywood Greats* profile of *Marilyn Monroe* on Friday night. Unlike the adpeople in *The Persuaders*, unlike the *Young Lovers*, I suspect that if Marilyn was lucky enough to see the film on the great 625 screen in the sky, she will have considered it factual, fair and friendly.

The simple truth is that Barry Norman really knows and understands his subject; whereas when callow reporters chase invisible iniquities they end up with such astonishing discoveries as that admen get company TV sets.

David Tindall and Charlotte Allen, presenters of "The Persuaders"

Albert Hall/Radio 3

Gamelan Prom by RONALD CRICHTON

Friday's Prom was a rare mixture, awarding the Sasono Mulio Gamelan Orchestra of Surakarta the place of honour in a setting of Western music showing some signs, in colour, texture or approach, of Eastern influence. The Indonesian visitors performed an introductory piece followed by three dances, one of welcome (announced as "for one female" but done by several, arms undulating like soft branches), a male combat dance sung by the two dancers, then another combat piece for a female soldier and the commander of a woman's army.

The Albert Hall, host to hundreds of folkdance festivals in its time, is a surprisingly effective background for so ancient and sophisticated an art as the gamelan. Obviously, tiny details of gesture and movement are lost except to those at the front. But the general impression, with the dancers in shimmering costumes, gyrating and prancing in front of the seated players, was ravishing. So were the sounds made by those players, the mewing of a stringed instrument cutting like a sharp blade through the full yet liquid sound of drums, gongs and various spiels. One or two effects were theatrical in a familiar way—the crescendo leading to the first appearance of the dancers, then the moment when the players in the centre turned inwards to face one another across a second set of instruments.

Now that the experiment has been tried, another time the visitors might be given a whole half of a Prom. The programme on this occasion was devised with great intelligence, but the confrontation of two cultures was in practice less interesting than the worth of each work or group of performers. It might even have been more instructive (assuming instruction to have been an object) if the London Sinfonietta under Simon Rattle had played Western music with no Oriental associations at all.

As it was, the *Mirror of Whitening Light* of Maxwell Davies, with its slow ending of increasing intensity and refinement, Ravel's G major Piano Concerto and the *Trois Petites Liturgies* of Messiaen each made a strong individual contribution. The soloist in the Ravel was Paul Crossley, admirable for control and concentration in the slow movement and finale (the latter exact without becoming merely mechanical), a fraction too yielding in the second tempo of the first movement, where he clouded the short cadenza with pedal. The razor edge of an orchestral part was brilliant if not absolutely secure.

Messiaen's *Liturgies* were radiantly sung by the women's voices of the BBC Singers. Jeane Loriod presided at the Ondes Martenot. Paul Crossley and Stephen Pruslin vied with one another in crispness and clarity at piano and celesta. The piano won, being open and nearest the audience. In spite of this small error of judgment, the performance was one of extreme eloquence, with the acuity and sympathy Mr. Rattle and the Sinfonietta brings to a wide range of styles, illuminating the music so searchingly that one is in danger of forgetting to do justice to the interpreters.

Edinburgh Festival

Alicia Alonso by CLEMENT CRISP

The National Ballet of Cuba has at last reached Britain—our thanks to John Drummond for bringing off this coup—and we can see a company which has, in less than two decades, achieved an international reputation. Most happily, its first performance on Monday night featured the woman to whom Cuba owes its ballet: Alicia Alonso. No stranger to us in the early 1950s, when she was a star of American Ballet Theatre. Alonso today is a last and glorious example of the traditional Western prima ballerina. Her Giselle has long been famous and in this proud autumn of her career it remains a grand exposition of the art of the assoluta, illuminating the role, compelling our admiration and belief by an authority of utterance which transcends any considerations save those of her command of the role. About the production, which is by Alonso, comment should more justly wait until we can see it in a proper theatrical setting: I will but note that the second act is superior to the first in matter of staging because of its romantic sense and clarity.

But about Alonso's interpretation much must be said. It is a reading clearly placed in the great line from Markova through to Spessivtseva. In both acts Alonso has attained that utter simplicity which informs great theatrical art. The peasant girl is drawn with the softest of strokes, a tender creature whose madness is gentle but nonetheless piercing in its sadness. Marvellous the force of her gesture—an arm stretched out to Albrecht speaks of all the girl's grief and agony of mind; entirely eloquent the way she sketches in a movement to recall her former happiness; heart-stopping the dulcet way she melts into death.

In Act 2 the tone of Alonso's dancing may now not rise above a mezzo-forte, but with what exquisite finesse does the dance flow into the night air. There may be some husbanding of technical effects, but movement is done with such sensitivity that the amended text seems almost preferable to the bolder dynamics we are used to. And throughout, Alonso's dancing has a pearly lustre: drifting in arabesque in Albrecht's arms, she is absolutely Gautier's heroine: beating a flawless sequence of *échappés*, she is mistress still of the dance manner that best suits the Romantic style. And by her absolute comprehension of the matter of *Giselle*, Alonso tells us more about the ballet than almost any other interpreter today. She is a great ballerina, a great artist.

From Jorge Esquivel a large-scaled and noble reading of Albrecht, sensitive to the drama, responsive to his Giselle as partner. From the Cuban corps a vivid account of their various roles, and dancing strong and eager in manner.

Opening in the autumn

Michael Codron is to present two new West End productions in the autumn. *Tishoo*, a new play by Brian Thompson, starring Alec McCowen and Penelope Wilton, will open at Wyndham's Theatre on October 24 after playing at Richmond Theatre for two weeks from October 9.

Alan Bates is to star in *Stage Struck*, a thriller by Simon Gray, which will open at the Vaudeville Theatre on November 20.

Hamlet at Elsinore

by ANTONY THORNCROFT

Laurence Olivier, John Gielgud, Michael Redgrave and Richard Burton share one particular dramatic experience: they have all played Hamlet at Elsinore. Now Derek Jacobi has joined this very select club. The Old Vic Company is in Denmark, as part of an arduous world tour, and is coping with the problems and pleasures of portraying the drama at the scene of the crime.

Kronborg Castle at Elsinore plays it's part magnificently. It is a full blooded late Renaissance creation but with an austere northern air which could easily produce melancholy, if not madness. Although the Hamlet legend in Denmark relates to an obscure Jutland prince from a period dark in the lost centuries of the early Vikings the play has been conventionally performed in a Jacobethan setting; indeed the action demands it. And that is Kronborg Castle. Perhaps it is too type cast: with its towering walls set against the sea; its deep moats and its high plan courtyard, it is still used as a military establishment awaiting a latter day Fortinbras, and the Danish Government naturally keeps as tight a control on goings on in the castle as Claudius. This restricts a free flow in the production of Hamlet.

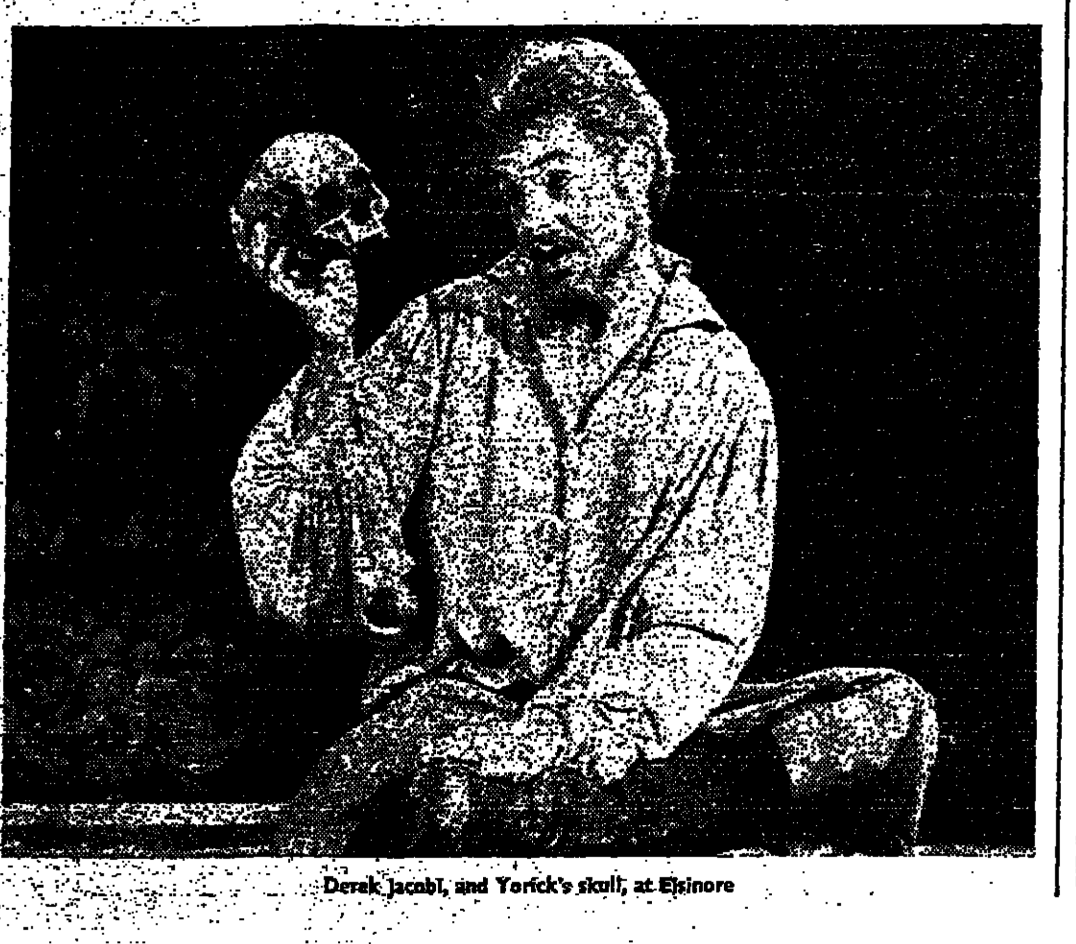
So Francisco is perambulating half way up the courtyard walls rather than on the battlements when Bernardo relieves him from the front stalls, for the seating, for 2,000, has been structured in the courtyard, leaving the company with the space of only one side for movement. This is very irksome in the Ghost scene. The frightened group on the thrust stage shout out to the spectre on the battlements but when the less than fearsome apparition materialises it is in very human form and comes along the same balcony lately vacated by Francisco.

We have, then, a tremendous backdrop but a limited playing area. Oddly enough the rain, an apparantly reliable natural adversary at Elsinore, helps to re-build the atmosphere. On the opening night it abruptly terminated the performance, but last Thursday it restricted itself to showers and one downpour during the play scene which enabled the audience to crackle into their plastic shrouds (courtesy of a Danish bank) without missing too many lines. The experience was also intensified by the Old Vic giving an extroverted, blood and thunder production.

Subtlety would be out of place before a foreign audience, even a Danish one which obviously knew the play by heart and thoroughly appreciated the event. The extensive cuts in the text also forced on director Toby Robertson a simple production. This approach has its attractions. It keeps the action moving and distracts the attention from the inconsistencies in the play. And it allows Derek Jacobi to create a Hamlet in the bravura tradition.

Sometimes the hysteria gets out of control. In the closet scene with his mother Hamlet is almost demented, poring the ground and molesting Gertrude. But in the main this is a strong physical performance, well spoken, with distinct Gielgudian inflections. Jacobi manages a conversational approach which works splendidly when he delivers "to be or not to be" as an argument with Ophelia rather than as a soliloquy.

The rest of the cast shout out their lines to the rain. Jane Wymark is obviously school hockey captain material as Ophelia, and Terence Wilton a tough Laertes. Only Robert Eddison as Polonius goes in for sensitivity: he must have been the odd man out in this raucous court, led by a Claudius in Julian Glover with a no-nonsense authority. There is, perhaps, an Elsinore tradition of realistic Hamlets, verging on the naturalistic. It succeeds well enough, but in the quest for marrying text and setting some attention might cover small details—Ophelia in her mad scene wore a disconcerting bra and when Laertes very visibly scored on Hamlet in the fight not a trace of red managed to show. But as a vivid and dramatic experience Hamlet at Elsinore would be hard to better.



Derek Jacobi, and Yorick's skull, at Elsinore

New Shaffer play at the National

The National Theatre will stage in the autumn a new play by Peter Shaffer called *Amadeus*. It is based round the fact that when Mozart was dying he accused another composer, Antonio Salieri, of having poisoned him — an allegation to which Salieri later confessed.

Paul Scofield will play Salieri and Simon Callow Mozart. Dermot Crowley, Andrew Cruickshank, Donald Gee, Basil Henson, Felicity Kendal, Philip Locke, Mel Martin, John Normington and Nicholas Selby are also in the cast. Peter Hall is to direct.

Amadeus begins previews at the end of October before opening in the Olivier on November 2.

'Close of Play' to visit Bath and Dublin

The National Theatre production of Simon Gray's play, *Close of Play*, now in the Lyttelton repertoire, is to visit two cities during October. From October 1, for one week it will be seen at the Theatre Royal, Bath; and from October 9, for one week at the Olympia Theatre, Dublin (as part of the Dublin Festival).

After nearly 600 performances, the NT production of Alan Ayckbourn's *Bedroom Farce* is to end on September 29. It opened at the NT in March 1977 and transferred to the Prince of Wales Theatre in November 1978.

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Fed on the attack

FOR THE first time since last November, it is possible to detect the smack of firm monetary policy in the United States. The Fed's reaction to excessive monetary growth and to the renewed weakness of the dollar has been by its own standards fierce. The Federal funds rate was pushed up by more than three quarters of a point in a day, bank prime rates reached new highs, and the dollar stabilised against most currencies—apart from sterling. This market action, for more than the earlier rise in official discount rates, will help to convince doubters that the arrival of Mr. Paul Volcker as Chairman does mean a substantially new approach.

Steady rise

The change is unhappily very long overdue, and it is still a very open question how long it will take to have a real effect on the stability of the dollar. Until now the markets have been convinced at every stage that the Fed would soften at any moment. The reverse yield curve which is still something of a novelty in London has ruled throughout the steady rise in short-term interest rates.

This is the badge of an ineffective policy in defence of a weak currency. Credit policy has three aims: to check inflationary psychology, to discourage credit expansion, and to attract inflows. Dollar policy has failed on all counts, simply because the markets have never been persuaded that high rates represented more than a temporary peak. Long rates, the real attraction for any but the most transient capital flows, have remained too low to have any effect.

Inventive

The resultfi if British experience is any guide, is that rates will now have to reach a higher peak than would otherwise have been necessary to produce the same result. The long upward creep of rates has simply conditioned the markets to ignore them, and have scarcely even kept pace with inflationary expectation until now. It is only at this point, when there is some hope that the inflation rate in the U.S. may fall significantly from its present 13 per cent annual rate, that credit begins to look potentially dear in real terms.

One reason for this sorry record is that the Fed has been far too ready to believe its own monetary statistics, despite the large outflows into foreign reserve holdings of dollars—dollars created within the dollar banking system—and the endlessly inventive ways the banks have found to create liquidity outside the official definitions.

As a result, the system is still highly liquid despite an apparent squeeze which has been in force for nearly 10 months. The Fed's aggresive market operations are now beginning to mop up this liquidity, but there is no sign yet that money market conditions are tight enough to drive borrowers into the long-term markets. The rather depressing conclusion is that short rates will have to remain high, and possibly rise higher, until long rates have responded. It has still to be established whether Mr. Volcker will be allowed the independence to pursue such a policy to its logical conclusion in the run-up to the election campaign. Yet unless this is done, the dollar will remain vulnerable as the surplus countries seek more attractive opportunities for long-term investment.

Volatile

Of course, interest rates are not the only indicator of official policy, and the statement from Mr. Anthony Solomon giving guarded support to the idea of a substitution account in the IMF to help dollar-holders to diversify is again a sign that the real nature of the problem is now recognised. Again, however, the practical approach seems tentative. Mr. Solomon speaks of a facility of "at least" $1bn. If the facility is intended as a serious operation rather than a token, there seems to be a nought missing.

Meanwhile, U.S. actions and statements have done nothing to check the renewed rise in sterling. This reflects two facts: the visible fact that long-term interest rates in London remain highly attractive to any investor who is not downright pessimistic about the pound, and the hidden influence of the North sea, and possibly of an economic slowdown, on the current account. We have some more awkward policy corners to negotiate before we expect to see our own currency less volatile.

Weeding out the quangos

"IF QUANGOS did not already exist, they would have to be invented," asserts a trades union broadsheet published yesterday in defence of the hundreds of "quasi-autonomous non-government organisations" which have been spawned over the years by various acts of Parliament and Government decisions. The quangos exist on the fringes of the Civil Service, often performing tasks of which the public neither knows nor cares. They are particularly attractive targets for cuts in public spending and the Government has made no secret of its hostile attitude to quangos.

Review

On Monday it was announced that Sir Leo Pliatzky, former Second Permanent Secretary at the Treasury and the inventor of cash limits, is to conduct a detailed review of all the quangos, bu Sir Leo's review may turn out to be disappointing for the quangos' most violent detractors. As Britain's leading expert on the control of public spending, he is likely to confirm the claim made by the unions in their pamphlet that many of the quangos perform vital functions that would otherwise have to be carried out directly by Government departments.

Abolition of organisations such as the Civil Aviation Authority, the Forestry Commission, the Atomic Energy Authority and even the Manpower Service Commission would, simply shift important work to the relevant civil service department. Eliminating the functions performed by many of the major quangos would involve serious decisions of public policy, which need to be taken on their merits and certainly not on grounds of economy alone.. The fact that air traffic happens to be regulated by a quango obviously does not make this task less important than if it were performed by a government department. It is doubtful whether simply transferring the CAA's duties to the Department of Trade would produce any significant administrative savings.

Many of the quangos which do not perform governmental functions still provide little scope for easy cuts in public spending. The quangos which make the heaviest demands on the exchequer, such as the University Grants Committee and the Science and Medical Research Councils, are little more than conduits for public funds, which ensure that the recipients can maintain some independence from the government. The same is true for the largest quango of all, the British Broadcasting Coporation. Any sweeping attack on quangos must be restrained by the importance that has traditionally been accorded to the independence of academic institutions and broadcasting.

It is probable that a large proportion of the quangos fall into one of the above categories and therefore do not, on the face of it, deserve treatment harsher than that accorded to the public sector generally. The eight major organisations mentioned so far account for over 70 per cent of the total funds spent by all quangos. So the savings from a wide-ranging review of the quangos are likely to be very much smaller than the aggregate figures of spending by quangos suggests.

Nevertheless there are at least three types of quangos which need to be critically re-examined. Many quangos exist largely to conduct research projects which could often be better done by universities or private research institutions, if necessary with Government funding. Quangos that represent special interest groups, such as customers of nationalised industries, are frequently duplicating private sector organisations partly because their statutory limitations prevent them from doing the job that consumers require.

Talking shop

In some ways the most dubious type of quangos are the "talking shops" which exist mainly to bring together trades unions, industrialists and the Government. While tripartite discussions are often valuable, it is at least questionable whether some of the detailed research commissioned by the sector working parties should be funded by the Government, rather than by trade associations and whether highly-skilled and expensive secretariats are really required to promote dialogue in industry. Above all the basic assumption which is behind the existence of many of the quangos, that setting up a committee can solve a deep-seated problem, needs to be overturned.

THE GOVERNMENT'S SECURITY DILEMMA

BY STEWART DALBY IN DUBLIN AND RICHARD EVANS

The IRA banks everything on increasing violence

IN the aftermath of the horrifying murder of Lord Mountbatten, members of his family and his Irish boat boy as well as 18 British soldiers, one important message has tended to be overlooked.

This is the text of the Provisional IRA's communique late on Monday claiming responsibility for the murders. The British army, it said, had acknowledged that after ten years of war it could not defeat the IRA but the British Government continued with "the oppression of our people and the torture of our comrades in H-block," of the Maze prison.

The statement continued: "for this, we will tear out their sentimental imperialist heart."

The Provos have made good their boast that one day they would escalate their activities into what they term "spectaculars." It implies that just about a year or so after their reorganisation and change of tactics they have arrived at the same strategy as their ruthless progeny, the Irish National Liberation Army (INLA), and that regardless of any future tightening of security more "spectaculars" from both groups are probable rather than possible.

Monday's murders are the most dramatic and brutal in one single day since the troubles started again ten years ago but there could be more of the same on the way.

Middle East links of INLA

The INLA is an offshoot of the Irish Republican Socialist Party (IRSP). This, in turn, is a splinter from the Official Sinn Fein, which is the political wing of the Official IRA. The official IRA became marxist in orientation and the Provisional Sinn Fein and Provisional IRA split off from it in the early 1970s, and eventually became bigger and more powerful.

The Provisional IRA has remained nationalistic in character. It wants the reunification of the two parts of Ireland and as a precursor to this the removal of the 13,500 British troops now in the Province. These it views as a colonial army of occupation.

INLA retains something of the marxist stamp of the old Officials. Militarily it is much smaller than the Provos. It probably has 50 to 70 active cadres, according to police and army sources. It has had close links with Middle East guerrilla organisations as well as the Basque ETA group. Some of its members have received training from the Middle East groups.

It has shown great sophistication in its operations. The group blew up and killed a policeman with a complex car bomb, and then murdered Mr. Airey Neave, the then Conservative Opposition spokesman on Northern Ireland at Westminster. It had some involvement in the murder of the British Ambassador to the Hague, Sir Richard Sykes. This policy of killing important Britons, in order to get its cause on the front pages of British newspapers, seems to be the main thrust of its strategy. INLA has links with the Provos but operates independently.

It now seems likely that the Provos have adopted the same course. This stems from the Provos' change of direction which was started just over two years ago.

At that time, the Provisional IRA in terms of security and structure was a cumbersome, not very effective street army. Violence was often indiscriminate included the killing of innocent Roman Catholics in the main cities of Northern Ireland. It was organised into brigades and battalions which were "leaky" in the extreme.

When Mr. Roy Mason became Secretary of State for Northern Ireland in October 1976, he had two priorities. He wanted to tighten security and defeat the IRA, then ameliorate the economic situation by huge spending on job creation. He dealt little with the politics of the Province, sterile since the abrogation of the devolved Stormont Parliament in 1972.

In the security sphere he allowed the four-man Special Air Service (SAS) units to operate across the Province. He tightened up on intelligence and interrogation and tried to strengthen the predominantly Protestant Royal Ulster Constabulary. There was a growing feeling that the security forces were winning and, by mid 1978, that the Provisional IRA was beaten. But it was not.

The Provos had gone underground. They adopted a cellular structure of four-man active service units. Often each man in a cell knew only the other three. The leader of the cell might know one leader who gave him his orders. The Provos' security improved enormously and arrests dropped. They developed their anti-interrogation techniques and forged links with guerrilla groups abroad. In terms of bringing "H" block, where Provo members condemned for terrorist crimes are held into the public gaze, their publicity machine acquired new tricks.

Their activities started up again in November, 1978. They have bombed economic targets by which they mean shops and factories. In the main, however, they have attempted to kill members of the security forces, in ambushes of growing complexity. The reorganised Provos have until now by and large tried not to kill civilians. They learnt a lesson from the fire bombing of the Lamon Restaurant outside Belfast in February, 1978, when 13 people —mostly Roman Catholics— were killed. This cost them a great deal of sypathy among the Roman Catholic population.

So far this year 50 members of the security forces, British soldiers, members of the Ulster Defence Regiment and RUC, have been killed compared with 31 last year

Rescue operators bring one of the bodies ashore after the explosion on Lord Mountbatten's boat on Mon day.

The Provos have always said they would escalate into "spectaculars" if necessary. In an interview in Dublin's Magill Magazine last August, an anonymous spokesman from the Provos' Military Council said the organisation would keep the option of striking at British targets if necessary wherever and whenever they found them. This meant they would try and kill important Britons wherever they might be as well as bomb important targets in Britain (the attempted attack on Canvey Island oil terminal is the case in point). Their reasoning for this course is as follows:

The Provos want to get the British troops out of Northern Ireland. They feel that the only way to do this is to make the Province an issue for the British people, to make them so sick of the Irish problem that they will exert pressure on their elected government to bring home the troops and break the Union.

To arguments that acts of violence like the murder of Lord Mountbatten will only reunite the British people behind their Government and instil determination to stay in the Province, the Provos would say that history is on their side.

The Provos would argue that it was only when the British people, after World War I became so horrified by the intensity of the violence in Ireland that the British Government finally came up with partition and the Government of Ireland Act.

To arguments that the Provisional IRA is a small minority and risks losing what sympathisers it has through senseless killing, it would reply that when the leaders of the 1916 Easter Rising were led away by British troops, they were stoned and jeered by the Irish crowds. Only when they were executed did they get popular support.

The Provos are willing to be villified by decent people everywhere and to risk loss of support in the U.S., support which orthodox politicians in Dublin feel is one of the most critical elements in any political solution to Northern Ireland. They are also willing to see violence escalate in Northern Ireland itself.

In the past year, the Protestant paramilitary groups have been quiescent while they have watched to see if the security forces can beat the IRA. In recent weeks, small killer squads of Protestant paramilitary groups have sprung up. They are said to be drawn from three main "loyalist" groups, the Ulster Defence Association, the Red Hand Commando, and the Ulster Volunteer Force.

Laws to combat terrorism

Senior police and army officers have been saying for months that with their new cellular structure, the Provos probably cannot be defeated, and that violence is probably now at an irreducible minimum. A captured army document foresaw no real improvement until at least 1983.

In saying this, the officers make the caveat: "under the present ground rules." Under the Prevention of Terrorism Act and the Emergency Powers Act, suspects can be held for seven days then must be released. The Provos have learnt to withstand seven days inside.

Mr. Humphrey Atkins, the Secretary of State for Northern Ireland, has said he thinks the IRA can be defeated. So perhaps he is contemplating changing the rules. But he has already rejected internment without trial for selected known "godfathers." He was pressed to do this by Unionist politicians when he took office last May. He had before him, however, the example of the last period of internment which lasted from August, 1971 to December, 1972. The indiscriminate rounding up of paramilitary suspects resulted in massive recruitment and sympathy for terrorism.

However loudly people in Britain might clamour for a greater military effort or closer co-operation from the Irish Government, there are few security loopholes left that the Dublin Government can close.

The Republic has an army of just 13,500 men (the same size as the British Force in Ulster), which it can ill afford. There are 8,000 men in the Gardai, nearly a third occupied on the Border. Even with the best will in the world, it would require a force ten times the size and even then it probably could not effectively seal the border which is 290 miles long.

In the previous IRA campaign of 1956-62, the Dublin Government had internment without trial. Mr. Lynch, the Prime Minister, feels that this is no longer politically possible. His party, Fianna Fail, is the political heir to Eamonn de Valera and those who opposed the Treaty which brought about the partition of Ireland. While Mr. Lynch can and does condemn the means the IRA use, he cannot disavow the notion of reunification of Ireland. This is the very fabric of the Finna Fail party.

Since 1976 the Criminal Jurisdiction Act has allowed people who committed crimes in the North to be tried in the South and vice versa. It was hardly worked because of the difficulty of getting evidence. Mr. Atkins suggested that RUC men come south and help in interrogations. But the RUC are mostly Protestants and after findings in the Bennet Report that there had been mistreatment of prisoners by some RUC members, the idea that RUC men should arrive in the Republic and interview Roman Catholics in a police station there is a fantasy.

The question of extradition is equally tricky. The Republic's constitution enshrines the ideal that there should not be extradition for political crimes. Again the ruling Fianna Fail Party is committed to the idea of reunification and it would be problematic for Mr. Lynch to establish the idea that the IRA is not a political movement and that crimes committed by its members are ordinary criminal ones. At the time of the Sunningdale talks in 1974 several eminent Irish jurists examined whether the definition of political crimes in so far as they related to the Irish constitution could be widened and at that time they decided they could not.

Provos' new cell structure

Laws against weapon possession and publicity for terrorists are stronger in Ireland than in Britain. The security loopholes are not many and that must force Mr. Atkins to think in political as well as security terms.

It remains to be seen whether the sense of shock will hasten a fresh initiative for a political solution in the province but in London the initial signs yesterday were not promising.

In contrast to the Dublin view that an effective political initiative would result in the withering away of IRA terrorism, British Ministers are more convinced than ever that no initiative is feasible until the current spate of violence ends and the political temperature cools.

They see no prospect of the Rev. Ian Paisley and other Protestant leaders sitting down with members of the moderate Social Democratic Labour Party in present circumstances, let alone more militant Catholics. Far from launching an early political initiative they see as a more important task to prevent a Protestant backlash and an escalation of the violence.

Early exchanges are likely between Mrs. Thatcher and Mr. Lynch, but these will concentrate on security aspects rather than on the political future of the province. There could possibly be talks when Mr. Lynch comes to London for the funeral of Lord Mountbatten.

MEN AND MATTERS

What Mountbatten told Roosevelt

It is a sombre coincidence that Lord Mountbatten has died only a few days before the 40th anniversary of the start of the Second World War, in which his role was so significant. What is less well remembered is the part he played in steering the Allies away from what would surely have been an overwhelming disaster. A book to be published next month spells out how Mountbatten persuaded President Roosevelt to reject his generals' plans for ivading Europe in 1942.

The book, Second Front Now! by George Bruce, reveals in detail the bitter arguments involving Churchill, Mountbatten and the army leaders. Stalin was pressing for an assault on France, Beaverbrook advocated it, and so did U.S. General George Marshall. But Mountbatten, with his naval background, knew that the Allies lacked enough landing craft for the task.

In researching for his book, Bruce has sifted through official records in Britain and America. He says: "I am convinced that it was Mountbatten's personality and logical argument which decisively influenced Roosevelt at that time. As it was, we only made the raid on Dieppe —which amply demonstrated how disastrous a full-scale invasion would have been."

"They're an endangered species, I believe!"

High flier

Real enthusiasts are prepared to pay anything for a good golf ball—or even a bad one, if it was made by Willie Park. At an auction at Gleneagles on Monday night, a ball made by Willie in 1853 was sold for £110. The ball was hammered from gutta percha, a forerunner of rubber; in its day it must have been a great improvement on the old leather balls.

Willie won the first ever British Open in 1860, and three times more; for 20 years he was able to challenge the world to beat him in a match for a stake of £100. Golf ran in the Park blood—the family was associated with the Musselburgh club for 400 years. Also up for auction on Monday was a putter reputed to have belong to old Willie. It went for £520.

Strand shock

When Bishop Abel Muzorewa lands in London for the Zimbabwe summit meeting, he may well find himself being handed a demand for damages by an angry Australian woman. She was walking down the Strand on August 21, at the start of a holiday in London, when a coat of arms fell on her from the facade of Rhodesia House.

This ill-starred tourist was taken to hospital and has had 24 stitches in her leg. She has also seen a London solicitor, and he has written in strong terms to the Foreign Office. But whoever may be destined to compensate her for injury and the ruination of her holiday, the British Government has already resolved to play all legal demands with a completely dead bat.

"Her Majesty's Government has no responsibility," a Foreign Office spokesman told me yesterday, while confirming that the demand for damages has been received. "We would not wish to accept this claim."

I gather that although Britain still sees itself as the de jure government of Rhodesia (imminently to become Zimbabwe), it makes a sharp distinction about responsibility for Rhodesia House. The massive building, unoccupied except by a caretaker since UDI in 1965, owes rates to Westminster City Council to the tune of £250,000.

There is something symbolic about pieces falling off the building at this moment. I can only hope that somebody will feel a moral duty to compensate for her pains being an innocent passer-by—whose Premier, after all, played a key role in finding a compromise on Rhodesia during the recent Commonwealth Conference.

Pluto's tears

Even revolutionary publishers must live with the harsh facts of western economics. "Yes, normal old capitalist problem," I was told by London's Pluto Press when I asked about the recent sacking of four of its 11 employees. It seems that Pluto's American distributors went bankrupt, owing Pluto around £50,000, so the only remedy was to send out some redundancy notices.

"Very, very unfortunately, some people have had to go," says Michael Kidron, a leading member of the Workers Revolutionary Party, who grits his teeth before admitting that he is—"I suppose"—a director of the company: "I also answer the telephone."

Reports of picketing outside Pluto's offices are, Kidron assures me, incorrect—although there has been "a certain amount of disagreement about the analysis of the situation." The old capitalist ploy of opening the books to the workers has helped ease the anguish.

Set up in 1969, Pluto Press soon became financially independent of the SWP and has prospered — the current upheavals apart—to the point where it is now probably the most successful "far left" publishing house in Britain.

Never since Noah

At last comes the chance to believe what you read about Andorra in this column. The mountainous principality is, I hear, contemplating the purchase of its own oil tanker, so that it can buy crude directly from an OPEC country. It is not yet clear whether a tanker will be acquired with a complete crew, or if the versatile Andorrans themselves will take charge.

Apart from pacifying those holding the lucrative oil company agencies, the Andorran Government faces another potential problem of its own making. To date only road-portable boats can carry the Andorran flag, as they must—like any other conveyance—be presented at the national fire station to be registered.

This is a strict rule. A partner in CISA, an Andorran property company, tells me one of his clients was instructed to present his 80 ft motor cruiser in the normal way. He protested that the boat was far away, down on the sea. "Hire a lorry," an official at the fire station suggested helpfully.

Good news first

Tyne Tees Television has sent a charming note to one of my colleagues, thanking him for "standing by" to appear on a programme called Face The Press. In the event, of course, ITV remained blank, apart from an apology. "However, we shall be sending you a cheque as a stand-by fee," the letter continues. "Unfortunately our accounts staff are now also on strike. . . ."

Observer

British farmers look overseas for their agricultural machinery

BY HAZEL DUFFY

BRITISH FARMERS are just as likely to buy imported equipment for their farms as they are to buy a foreign car. In the decade to 1976, imports of agricultural equipment (excluding tractors) grew by 197 per cent, giving importers a 45.2 per cent share of the UK market. In the same period, exports increased by only 31 per cent. The industry continues to export more than it imports, but the net balance is increasingly under pressure as the British industry fails to maintain its share of world trade.

This all-too-familiar story is the subject of a study*, as yet unpublished, which the Department of Industry asked the Science Policy Research Unit at Sussex University to undertake. The study sets out to discover why farmers are opting to buy more imported equipment, and why the industry has not been able to export more. The author, Dr. Roy Rothwell, questioned managers of companies both in Britain and on the Continent, and questionnaires were sent out to farmers and members of the Agricultural Engineers Association.

The study excluded tractors, because the industry is organised very differently from agricultural engineering. Tractor production in the UK is dominated by four multinational corporations—Massey Ferguson, Ford, International Harvester and David Brown Tractors owned by Tenneco-Case. Some 70 per cent of its output is exported, much of it to the developing countries. In contrast, agricultural engineering exports less than half of production, with the EEC its biggest single market.

The industry is not large, employing nearly 23,000 with sales of around £90m. The product range is wide, and falls into categories such as harvesting machinery, tillage implements, machinery installed in farm buildings such as milking machinery, and equipment for handling and drying crops.

It is fragmented into over 500 companies, some 80 per cent employing less than 20 and many of them serving a mostly localised market. At the other end of the scale, Massey Ferguson, and to a lesser extent International Harvester, produce equipment as well as tractors at their UK plants. MF makes

IMPORT PENETRATION BY PRODUCT SECTOR

(per cent)

Product sector	1974	1976
Grain harvesters	76	79
Balers	27	43
Forage harvesters	70	77
Root harvesters	49	65
Haymaking equipment	76	79
Cultivators and hoes	19	52
Mowers	49	49
Mouldboard ploughs	38	52
Fertiliser distributors	37	53
Drills and planters	20	26
Manure spreaders	13	15

Source: Department of Industry

combines, balers and ploughs in this country, although combine production is under threat of being closed down at Kilmarnock in Scotland, to be transferred to France. That decison, however, has still not finally been taken by MF.

Product specialisation across the industry is highly developed. Most companies specialise in one, or at most two, products. This applies even to the two largest British-owned companies. Ransomes specialises in ploughs and root harvesters (the company used to make combines but dropped out of these in 1974), and Howard in rotary cultivators (a product which it pioneered and continues to dominate) and more recently big roll balers.

A well-established industry, which has not seen many major changes in structure over the years, it sells through a network of usually independent dealerships (there are a few exceptions where the dealers are owned by the manufacturers). The dealer is important. He must have the equipment when the farmer wants it; since this is a seasonal industry the dealer, and the manufacturer, have to finance stocks throughout the year for a relatively short selling time. The dealer is also the source of spares and servicing.

Farming is an efficient industry in Britain on the whole. On the basis of the number of people working in the industry and its contribution to the gross domestic product, Britain emerges as a more efficient farming community than any of its partners in the EEC. The farms also tend to be larger and therefore to require the bigger and more sophisticated machinery.

But Dr. Rothwell found that it is precisely in the larger machines that Britain shows its highest propensity to import. Grain harvesters form by far the largest segment of the UK market (about 25 per cent), but nearly 80 per cent of these are imported. If MF moves combine production to France, this will become even higher. In other products, for example root harvesters, British companies specialise in the smaller machines and import the larger for which there is a growing demand in this country.

International specialisation is a common feature of mechanical engineering, but the problem is that British companies are missing out on the sophisticated machinery (there are notable exceptions—in milking machinery, for instance, Britain has an innovative sector).

Dr. Rothwell set out to back up the import figures by getting farmers' reasons for buying foreign-built machinery. From 150 replies, it was clear that imported machinery is seen generally as "more reliable, more efficient, better designed and more up to date than corresponding UK-built machinery." Price advantage was mentioned by only about 10 per cent of farmers.

Asked which machine types are better when British built, the results of the questionnaire point to British weaknesses in combines, forage harvesters, mowers, fertiliser spreaders and haymaking machinery, and to British strengths in drills, cultivators, milking machinery, balers and ploughs.

Dr. Rothwell also found that there is a generally higher level of availability in the UK of foreign built machinery, and that UK farmers expressed a wish for British companies to shorten delivery dates. He concludes from this that "the structural bias of the UK industry towards small and very small firms appears to be highly disadvantageous in a market characterised by marked seasonal demand peaks."

Size problem

The predominance of small firms is central to the industry's future. Can the small firm afford the expertise, both of management and technical resources, to keep pace with the changing demands? How does the experience of UK firms compare with their Continental counterparts?

Technical effort: Post-war change in agricultural machinery has been evolutionary in technology, although there have been a number of radical design changes (using existing technology) which have had a marked impact on agriculture. The only available figure of the amount that UK companies spend on research and development is that for 1975, when they spent 1.3 per cent of turnover. Dr. Rothwell's own research showed that in 36 per cent of the small firms (less than 200 employees) there was no formal R and D or D and D (design and development) department. This does not mean, however, that these firms are not engaged in any R and D, but simply that their accounting systems do not separate it out. It must also be emphasised that much of the research work in agricultural engineering in Britain is carried out by Government sponsored research institutes, universities and colleges rather than by the industry itself.

Comparison with Continental manufacturers on R and D spending is difficult as no comparable data exists. But Dr. Rothwell did conclude the following:—

- From studying patents taken out by the industry in the UK and on the Continent, the indication is that "foreign manufacturers adopt a more systematic approach to machinery development, in that their patents appeared to be more closely related to each other. Foreign patents are also more detailed, and appeared to have a head of production who reflect a deeper understanding of basic engineering principles."
- Continental companies nearly always have a qualified head of development.
- The percentage of graduate engineers associated with research, design and development is higher.
- There is a generally higher level of technically qualified managers.
- Although there is a great deal of product improvement innovation in Britain, much of it gained by feedback from the farmer, there is little vigorous search for radical new designs and principles; most radical designs have been derived from abroad.

Production planning: Only 16 per cent of small companies have a separate production engineering department, a further 16 per cent have someone in the company associated with the production engineering function, and 68 per cent of small firms have neither. For larger companies, the corresponding figures are 55 per cent, 36 per cent and 9 per cent respectively. But for all companies, less than 50 per cent have a head of production who has a technical qualification.

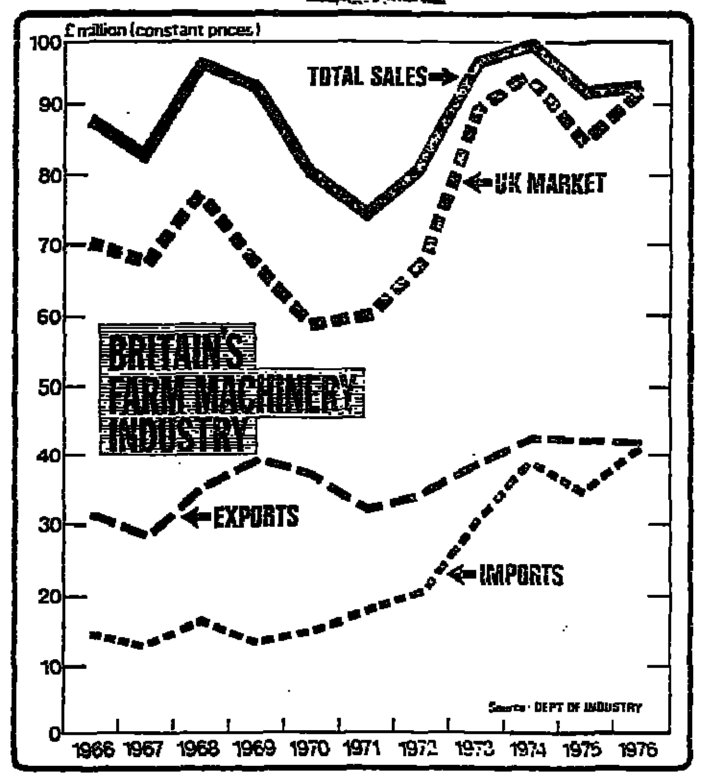
Export marketing: The "parochial" attitude of many UK farmers towards the purchase of machinery, preferring the convenience of local manufacturers, is particularly true of smaller items and more conventional machinery. This has reduced the need for such manufacturers to produce machines for export.

The role of the distributor/dealer network is all-important. Several of the major non-tractor dealer networks in the UK are devoted to foreign machinery. For British firms, and particularly the smaller firms, setting up this sort of dealer network overseas can be prohibitively expensive. In the case of the U.S., where dealer networks are closely tied to the major manufacturers, it is also very difficult.

Marketing and market research: On admittedly limited evidence, British manufacturers seem to spend a greater percentage of turnover on marketing than Continental firms, yet it is the latter which are perceived by farmers in the UK to make the more vigorous efforts in this direction. This may have some connection with the fact that the Continental firms have access to very good dealer networks in this country.

Economies of scale: Batch production is the characteristic method of manufacturing in most agricultural engineering companies, but several non-tractor firms on the Continent are seeking production economies through the introduction of semi-continuous flow production sequences.

This is more difficult for smaller firms to undertake. Even with the larger companies, the penalty for not being able to achieve optimum scale economies can be high. Dr. Rothwell cites lack of production capacity, with a consequent inability to achieve optimum scale economies, as the major reason for Ransomes ceasing combine production in 1974—by all accounts it was a medium size machine of high technical quality.



An earlier report on the industry† concluded: "Some of the weaknesses of the industry owe nothing to structure or market factors. The blunt fact is that, with the exception of fertiliser distributors, the weak sectors are encompassed in the product ranges of two of the most illustrious British agricultural engineers, Ransomes and Bamford, which have failed to capitalise on their early advantages."

Its final conclusion was that "the strengths and weaknesses in the various sectors have more to do with managerial decisions than the industry's structure, either at the aggregate level or at the level of the sector."

Since that report was published, four years ago, the decline in the industry is unlikely to have been arrested. Dr. Rothwell makes some suggestions on ways in which Government might help with incentives and facilities for management training; encouraging collaboration between small firms and assisting them to set up common R and D, production, management services and marketing efforts; making grants more readily available for joint industry and research institute projects; and re-establishing a prototype testing service at the National Institute of Agricultural Research. Small firms also seem not to be taking as much advantage as they could of existing Government schemes for product development and marketing assistance e.g., the Export Market Entry Guarantee Scheme.

His conclusion is that while half of the companies interviewed are well run and innovative, this is just not true of a sufficient number of firms for the industry to compete internationally.

* *Technical Change and Competitiveness in Agricultural Engineering: the Performance of the UK Industry. Dr. Roy Rothwell. SPRU. University of Sussex. 1979.*

† *Contained in A Study of the Evolution of Concentration in the Mechanical Engineering Sector for the UK. published by the Commission of the European Communities and available from HMSO.*

Letters to the Editor

Claims against mining damage

From Mr. J. Heath

Sir,—I was very interested indeed to read (August 23) the article by Christopher Parkes about the Ministry of Agriculture objecting to mine waste dumping, in connection with the National Coal Board proposals for the Vale of Belvoir.

I think this is a very important objection indeed, but not as important as another very serious objection, and that objection is the deficiencies of the Coal-Mining (Subsidence) Act, 1957.

The Act is quite short—18 sections and two schedules. It is essentially a repairing Act and imposes upon the NCB a duty to repair in respect of subsidence damage caused by its mining operations.

The Act is deficient in that, except where the reasonable costs of executing remedial works would, in the opinion of the NCB, exceed the amount of the depreciation in value of the property caused by the damage, no account is taken whatever of and no provision at all is made for the loss in value to the owner/occupier of a subsidence-affected but NCB repaired house.

It is not generally known that in parts of some coalfields orders have been made in the High Court under the provisions of the Mines (Working Facilities and Support) Acts, 1923 and 1925, and the Mining Industry Act, 1926, which oblige the NCB in certain coalfield areas, to pay full compensation for all damage (including consequential loss and depreciation in value) caused by NCB workings producing subsidence.

That is an infinitely better remedy for those to whom it is available than the repairing remedies of the Coal-Mining (Subsidence) Act 1957.

As fuel (and energy) is now the besetting need of the nation, it is most unfair that the nation through the NCB should not be obliged to pay full compensation for all damage (including consequential loss and depreciation in value) caused by subsidence due to its operations.

Legislation should now be produced, in substitution for the 1957 Act, which obliges the NCB to pay full compensation for all damage (including consequential loss and depreciation in value) for subsidence. This is a matter which should be brought to the attention of the October inquiry presided over by Mr. Michael Mann, QC, arising out of the Vale of Belvoir proposals, and equally so for the Selby proposals, and the proposals at Stafford.

It is inequitable that, except in those areas where Court orders have been made, owner-occupiers should be so penalised for the nation's benefit by the absence of adequate remedies for financial loss.

Stanley Heath.
8a Church Street,
Stoke-on-Trent.

High speed energy

From the Contributing Editor, Modern Railways

Sir,—If British Rail must invent a nebulous concept such as "mpg per passenger" for its advertising, it deserves to be hoist with its own parameter as Mr. Seymer has done (August 6).

The figures Mr. Seymer quotes, however, appear equally curious, partly because of the difficulty of defining the average mpg of a 125 mph train and a 70 mph motor coach. One comparison would be to assume that the diesel engines in each are working at their full rating at the maximum legal speed. This gives a fuel consumption for the high speed train (4,500 hp) of 0.6 mpg. For a 230 hp express coach the figure is 6.5 mpg, which is probably on the low side. Thus in this theoretical exercise the train uses 11 times as much fuel to carry between eight and nine times the number of passengers—in terms of mpg per passenger, 264 versus 325. If you bring in load factors, as Mr. Seymer did, the train figure comes out very close to the figure in his table with the bus doing twice as many mpg per passenger. To get his four-fold improvement the bus would have to do 13 mpg at a steady 70 mph, which may or may not be realistic.

The important point about such comparisons is that the inherent energy efficiency of the steel wheel on steel rail is offset by all the extra comforts—such as buffets, dining cars, first class accommodation, and even toilets —which the train carries around. Take all these out and put in seats at motor coach densities and you could pack around 1,500 people into a high speed train giving something like 900 mpg per passenger. When consumption becomes really critical rail has considerable scope for improving the efficiency with which it uses energy many times over, as the above example illustrates. One does not see the same scope for improvement in today's already highly efficient road transport.

Roger Ford.
8, Russellcroft Road,
Welwyn Garden City, Herts.

For the want of an envelope

From Mr. L. Griffiths

Sir,—When the pundits discuss economic affairs they invariably use language which has neither the virtue of relevance nor the merit of coherence and they rarely pay attention to the basically simple issues central to our economic health.

If we are to survive as a nation we must produce goods and services at a price and quality the market is prepared to pay and to deliver them on time. The truth of this statement is never challenged and it has been repeated so often that a common response to it is now a yawn. May I, therefore, describe a personal experience which took place this week and which I believe is an illustration of much that is wrong with British industry?

I discovered we were out of stock of a certain type of envelope and mildly protested. I was assured that further supplies had been ordered from several different sources and had been virtually unobtainable for almost a year.

I telephoned the manufacturer and found that these deplorable facts were true. The manufacturer is a large well-known firm which can wallow in the luxury of having 70 per cent of the UK market. It can quote a delivery date of 40 weeks without batting an eyelid because it knows that the opposition is worse and will quote a year or more to deliver. (May I remind you, Sir, that we are still talking about a simple envelope and not a battleship or a power station.) In circumstances like these the price can be any number the manufacturer cares to think of.

One day, however, the cool breeze of competition will blow in from abroad on this article as it has already done on so many others, and when we are all using foreign envelopes because we could not buy British ones will this manufacurer go running to the Government for State aid and/or protection and will the unions concerned be bleating about the loss of jobs?

Leonard Griffiths.
Lower House Farm,
Everleigh, Marlborough, Wilts.

Horse racing championship

From the Managing Director, Verkerke.

Sir,—I was a little surprised to read Gilbey Racing's response (August 21) to the remarks made by Dominic Wigan in relation to the recent championship awards.

Surely a fair and worthwhile championship must at any time of the season reflect the prowess of the leading contenders realistically.

A further anomaly relates to the conditions on minor placings and the distances of those minor placings behind the winner. How often have we seen a mount eased when little or nothing is to be gained by continued hard riding, and are we to suppose therefore, that the second, third and fourth placed horses in this year's Epsom Derby received no points at all?

For the good of the sport and this admirable championship, a review of the conditions is most necessary.

M. R. Tregaron.
Verkerke,
33-34 Broomhills Industrial Estate,
Braintree,
Essex.

Rates of return in farming

From Mr. A. Sutherland

Sir,—You report (August 14) the conclusions of a study from Manchester University Department of Agricultural Economics, in which a common fallacy is repeated.

Your correspondent Mr. M. Colston (July 17) put the fallacy thus: "Other industries would never be termed prosperous unless they were making a fair return on capital at current valuation." Later in July the Northfield Committee (para. 203) put it thus: ". . . the return on capital—and particularly that proportion of the capital which is represented by land—is low." Earlier, the Agriculture EDC, in the Impact of Taxation, 1978, at 3.7, put it thus: "Agricultural land, the yield from which is abnormally low compared with that on capital assets in other businesses and therefore less adequate to meet the funding costs of any capital tax liability. . . ."

The latest version says that because "the cost of starting up in farming has increased by 50 per cent in one year" there must be compensatory increases in income for the new entrants if dire, though underspecified, consequences are to be avoided. (It is not explained how the enhanced incomes would be confined only to new entrants. Perhaps that is why the fallacy is so popular with farmers?)

The point is that farm land, unlike machines and most of the other "capital assets of businesses," is not reproducible. An increase in its price therefore does not reflect an increase in unavoidable production costs. Rather the price reflects what the market is prepared to pay for the present value of the expected post-tax income stream that can be earned by owners of this scarce asset, as modified by the expected tax advantages enjoyed by farmers, e.g., for income averaging capital transfer tax, and capital gains tax roll-over, etc. So the hypothetical new farmer decides to pay £2,400 per acre in 1979 pounds, as opposed to £1,600 in 1978 pounds (where most of the increase represents land prices) only because he expects that the post-tax return, in all of the relevant dimensions, will be worth it—and greater than he could obtain elsewhere. That "return" in real terms can be expressed either as a yield to redemption (where the new entrant's expected capital gain on the land is automatically included); or as a discounted cash flow return; or as the internal rate of return. What it cannot be properly expressed as is the form adopted in all of the instances quoted here, viz., "income in the first year as a percentage of land price in the first year." That bit of arithmetic may say something about liquidity—but not about rates of return, since it leaves out income in years other than the first, the terminal value of the land, and the tax advantages.

Thus, if the "real net advantages stream" is thought to have increased, then the internal rate of return (and the redemption yield, and the DCF return) will rise, if land prices do not rise. The increase in land prices following the expected increase in the stream of net advantages is precisely what keeps the yield on farm land in line with that on alternatives. The "first year return" naturally falls when the increase in yield is prevented—because the change in land price (crudely, the present value of many years' worth of increased income) is greater than the change in only the first year's income. But at the higher land price, the redemption yield is unchanged.

It is precisely because the market already believes that the presently expected incomes likely to be earned by the next generation of farmers will be much higher than those of their fathers that land prices have risen. Contrary to your report, it is emphatically not the case that current income prospects will have to be further improved if the new entrants are to be kept in farming; the current prospects were quite good enough to get them in—despite the low cash flow in the early years for anyone who has to borrow heavily to enter the club. Further measures to increase incomes would simply raise land prices yet further—and reduce "first year return" further—as would granting the further tax advantages so persistently pursued by the farm lobby.

A fall in the first year return ("an increase in the cost of starting in farming") happens because farmers are more prosperous, not because their economic prospects have been diminished.

Allister Sutherland.
Trinity College,
Cambridge.

Today's Events

GENERAL

UK: British Shipbuilders begin meetings in Blackpool with Confederation of Shipbuilding and Engineering Unions on threat of redundancy at shipyards.

Civil and Public Services Association launch opposition to public spending cuts.

First meeting of new Building and Allied Trades Joint Industrial Council.

Turkey and group of international banks sign agreement for restructuring a \$2.4bn debt.

Unions' industrial committee at Pilkington Glass meets on pay offer.

Lloyds Register of Shipping second quarter marchant shipbuilding returns.

Management and unions discuss redundancy at Hoover's Merthyr Tydfil washing machine factory.

National Union of Mineworkers' executive meets.

Slimmer of Year Award, Savoy Hotel, London.

Mr. Alisdair Milne, managing director of BBC TV, and Mr. Brian Wenham, controller BBC 2, on autumn season programmes on BBC 2, Edinburgh.

High Technology Exhibition opens, Building Centre, London (until September 21).

Motorcycle Association of Great Britain annual banquet, Grosvenor House, London.

Overseas: Constitutional referendum in Somalia.

Mr. Walter Mondale, U.S. Vice-President, continues talks in Peking.

COMPANY RESULTS

Final dividends: Associated Dairies. Bentima Industries. Crouch Group. **Interim dividends;** Cement-Roadstone Holdings. Grovebell Group. Ladbroke Group. Nurdin and Peacock. Nu-Swift Industries. Pearl Assurance Co. H. and J. Quick Group. Thomas Robinson and Son. Slough Estates. **Interim figures:** Johnson Matthey (first quarter figures).

COMPANY MEETINGS

Benlox, Winchester House, 100, Old Broad Street, EC, 2.30. Oil and Associated Investment Trust, 100, Old Broad Street, EC, 12.

Rising pound and disputes cut IMI profits to £13.6m

TAXABLE PROFITS of IMI, the metal refining, fabricating and slide fasteners group, fell from £15.7m to £13.6m in the first six months to June 30, 1979. The group, which had warned that the year has started badly, was hit by the road haulage dispute, a three-week strike at Leeds and the strength of sterling.

The strong £ reduced taxable profits by about £2m. This includes a £900,000 provision for the loss in value of the net current assets of overseas subsidiaries, of which £400,000 is attributable to minorities.

Sales for the half year rose from £260.4m to £303.9m.

Stated earnings are down from 7.1p per 25p shares to 4.6p. The net dividend is lifted from 1.675p to 1.9p, absorbing £3.96m.

For the whole of last year the group paid a total of 3.6785p after the taxable surplus had fallen from £34.36m to £32.2m.

The directors say demand for building products remained strong, but copper tube and fittings profits were substantially affected by industrial disputes and a plant breakdown early in the year.

Radiator manufacturing and repair activities performed well. Results from overseas fluid power companies were good, but growth in UK demand was below expectations.

Alloy tube business remained somewhat depressed. By contrast, special-purpose valve activities in UK and France had a good half-year. Profits from component fabrication were maintained, but the ammunition interests results were again disappointing.

After a poor first quarter overseas, encouraging progress had been made by the half-year end in rationalising zip fastener resources to match the now smaller European market.

Strong and growing demand for titanium resulted in an excellent half-year. After a difficult start the refinery activities had a good second quarter, and the group achieved some overall increase in sales of copper and copper alloy semis.

Tax at midway—based on SSAP 15—was up from £1.3m to £5.7m. The 1978 charge was reduced by £8.8m on stock relief obtained in 1973 and 1974 which is no longer subject to clawback. The re-stated charge for the 1978 half-year has taken this into consideration.

After a minorities credit of £1m (£500,000) and a metal stocks profit of £700,000 against a £100,000 loss, the attributable profit is well down from £14.8m to £9.6m.

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Anglo-American Inv.	int.	230§	Oct. 26	230	—	750
Arnott and Co.	int.	7	Dec. 31	5	—	12.5
Assam Trading		10	Oct. 26	7.5	10	7.5
H. Brammer	int.	1.8†‡	Oct. 16	1.2*	—	5*
Cork Gas	int.	2.45	Sept. 15	2.28	—	5.43
Fairclough	int.	1.65	Jan. 2	1.5	—	3.5
IMI	int.	1.9	Oct. 22	1.67	—	3.68
Johannesburg Cons. Inv.		205§	Oct. 20	130	255	170
Macfarlane Group	int.	2.1	Oct. 9	1.68*	—	3.43*
Union Corp.	int.	19§	Oct. 24	15	—	47

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity. § South African cents.

Arnott & Co. nears £1m so far

FURTHER GROWTH is shown by Arnott and Co. (Dublin) for the half year to July 7, 1979, with taxable profit climbing from Irish £722,000 to £997,000. Sales by this tailoring and shirt manufacturing group were £2.25m better at £15.87m.

Tax took £429,000 (£309,000), leaving net profit up from £413,000 to £568,000 for earnings per £1 share of 12.16p (8.95p), after minorities of £48,000 (£31,000).

The net interim dividend is stepped up to 7p (5p) and an 8p final, is forecast. Last time a 12.5p total was paid from record profit of £2.78m.

Outlook for Brady Industries

Order levels at Brady Industries, the door-making group, are currently satisfactory, Mr. A. E. Ross Seymour, chairman, says in his annual statement.

But the directors are cautious about the Government's proposed public sector cut-back "which must affect the building industry and consequently the door market."

As reported on August 2, taxable profits surged to £409,184 (£13,125) in the year to March 31, 1979. Although there was no interim dividend, a final of 3p net is being paid. This compares with a total of 3.5p last time.

The chairman says a small profit was achieved at the door manufacturing and engineering division, which accounts for half the group turnover. Further improvement is expected this year.

The merchanting division made good progress and managed to achieve a better overall margin despite keen competiton. It is intended to expand the most profitable areas during the current year, while certain minor unprofitable activities have been closed.

The litho and letterpress division made record profits but, the chairman says, this will be very difficult to repeat because of increased competition. The transport division rationalisation programme is complete, and the directors are confident it will contribute to profits this time.

A property revaluation resulted in a £896,000 credit to capital reserve. The chairman says a rigorous system of estate management is operating and properties which do not meet minimum profitability criteria are being investigated as to alternative use or disposal.

During the year properties in Coventry and Nelson were sold for a total of £215,600. Since March other property sales have taken place and bank borrowings further reduced.

At balance date, group fixed assets stood at £3.18m (£2.4m), and net current assets £4.13m (£3.86m). Bank loans and overdrafts decreased from £0.98m to £0.79m.

Meeting, Manchester, September 18 at noon.

● NEWS ANALYSIS—HOOVER

Struggling on the slippery slope of falling profits

BY MAX WILKINSON

For the next few months Hoover (UK), the U.S.-controlled domestic appliance group, will be struggling to gain its foothold on a slippery slope of falling profits.

If it fails to gain firmer ground, it will risk starting a slide, gentle at first, but then accelerating as disasters compound each other and entangle all efforts of recovery.

Since Christmas, the management, under its new American chairman, Mr. Merle Rawson, has been making a major effort to secure the company against a further profits decline and to jettison every scrap of weight which could carry the profit account further into the precipitous valley of loss.

The first six months of this year, have not been encouraging, however. The figures show a pre-tax loss of just under £1m on record sales of £103.6m. In the corresponding period last year the taxable profit of £3.8m was far from satisfactory.

The company says that without heavy redundancy payments, the effects of the lorry drivers' strike and of a go-slow at its largest plant, in Merthyr Tydfil, the pre-tax surplus for the first six months this year could have been £2.5m.

However it wasn't, and companies cannot pay wages or dividends with money they failed to earn. For the beneficial effects of the economies which have recently been made, the company must, therefore, wait hopefully for the second-half results.

REDUNDANCIES

These measures include a major cut in the workforce (of 2,000 people during the past 18 months out of a total of just under 13,000 employed in the UK in December 1978), a slimming down of fringe benefits, a thinning of management and support staff, a £7m mechanisation programme in the current year and rationalisation of production with the closure of several smaller factories.

The measures were taken after the new chairman set up seven working parties to examine the details of all aspects of the business. The leader of each working party was taken from a part of the company which was different from the sector which it was to investigate. The aim was to look at old problems with fresh eyes.

This exercise started in September. By Christmas senior management was sifting through all the resultant suggestions. They ranged from the closure of whole factories to economies in the number of magazines and copies of the Financial Times ordered by the company.

The company says that most of the suggestions have now been acted upon or are in the process of being implemented; and although further redundancies will probably be necessary, it is said the worst is now over.

The management is entitled to hope, therefore that the benefits of its sharp and somewhat painful surgery should gradually start to appear, especially as its expensive marketing effort in the last 18 months has succeeded in preserving most of its market share in domestic appliances.

Unfortunately, deep wounds were inflicted by making men and women redundant, and, for example, by cutting back on sick pay and withdrawing company finance from workers' social functions. They are still a long way from being healed.

Morale is low, particularly at the Merthyr Tydfil factory where strong loyalties are articulated and channelled by strong unions and an underlying gloom about employment levels in the area.

The symptoms have been a growing absentee rate, which the company says has reached up to 20 per cent. It flatly disbelieves that this level can be explained by genuine sickness. The plant has also suffered a 13-week go-slow, which is explicitly about pay differentials, but which the company believes is partly fuelled by fears about jobs.

The go-slow has cost the company the non-delivery of 30,000 washing machines which were ordered by the end of June but which it could not make on time because of production problems. The management responded with harsher measures this weekend when its announced that its sickness pay scheme was to be withdrawn altogether. It also said production for export orders would be transferred overseas.

The sickness pay scheme was originally designed to "top up" the national insurance payments to give employees the equivalent of full pay while they were sick. However, the company has told its employees that it believes the scheme has been abused.

In the last annual report the company commented that absenteeism had risen to 9.3 per cent overall with a marked increase for men. This overall figure, however, disguises a more serious level of absenteeism on the factory floor. At Merthyr Tydfil, for example, the company says that as many as 600 people out of a total of 5,000 may be absent on any one day.

CHEAP IMPORTS

This problem of morale is componded by the general-strategic difficulty which Hoover and the other UK white goods manufacturers face in combating cheap imports, especially from Italy.

The influx of washing machines from the large efficient manufacturers like Zanussi, Candy and Indesit at sometimes very low prices have depressed margins to vanishing point. Hoover recently told its employees that it was losing £5 on each automatic washing machine it sold.

Since washing machines account for more than half of its sales this is very serious for the company and cannot adequately be offset by the higher margins on vacuum cleaners and other electrical appliances.

In vacuum cleaners, manufactured predominantly at Perivale outside London and Cambuslang, Scotland, Hoover still has a strong position with about 50 per cent of the UK market and some 40 per cent of its UK production exported.

However, it is being strongly challenged by the Swedish-owned Electrolux which claims to have equalled Hoover's world-wide production.

For washing machines, however, the picture is not rosy. Of the total UK market of 1.5m machines a year, Hoover claims about 30 per cent with a further 20 per cent of UK production exported. Sales of automatic machines account for about 1m in the UK, about half of which are taken by imports. That leaves only 500,000 to be fought over by Hoover and Hotpoint, the two UK leaders, with Colston, Servis and Creda following behind.

Most of Hoover's washing machine production is at Merthyr Tydfil where labour troubles add to its desperate struggle to improve margins to a respectable level.

IN JEOPARDY

At present Hoover has the advantages of a good brand name, considerable loyalty from consumers and an up-to-date range of products, including a good quality automatic washing machine with a spin speed of over 1,000 rpm.

But if it cannot generate more cash its plan for new products, including a top-loading machine and a dishwasher, will have to stay on the shelf.

Plans for a new factory in Merthyr Tydfil to make these products and to increase production of front loading automatics have had to be put on ice. Basic research and development and further mechanisation will inevitably be put in jeopardy if profits cannot be recovered.

For the immediate future the company's assets and its cash position are strong enough to allow it to finance the recovery, but it clearly has only a limited time to prove its strategy can work.

From a longer perspective, it is evident that Hoover is paying the price of its failure in the fat years of higher profitability during the early 1970s to invest and modernise more rapidly, to make more vigorous efforts to convert the British housewife to automatic machines, to provide a secure home base, and to build up a stronger export position.

None of these were easy tasks a decade ago, but now they are vital necessities they are even more difficult.

Mr. Oswald Davies, chairman of Fairclough Construction Group . . . overseas activities made a significantly increased contribution to mid-term results, but the bad winter held back progress in the UK.

Fairclough reaches £4m at six months

TAXABLE PROFITS of Fairclough Construction Group rose from £3.6m to £4.07m in the first half of 1979, on turnover well ahead at £107.79m, against £89.84m. For the whole of last year, profits reached a record £9.56m.

The directors say that overseas activities have made a significantly increased contribution to half-year results. The group is continuing to be selective in pursuing overseas work and has been awarded two large contracts during the period.

Footholds are being established in new territories in conventional construction activities as well as the more specialist mining work, they add.

The bad winter held back progress in the UK. The forward workload is satisfactory, but the UK market for all construction activities continues to be difficult and profits have been disappointing.

After tax for the half-year of £2.11m (£1.87m), earnings per 25p share are given as 4.44p, compared with 4.47p. The net interim dividend is raised from 1.5p to 1.65p—last year's total was 3.5p.

Figures for 1978 do not take account of the acquisition of Robert Watson and Co. (Constructional Engineers).

● comment

Fairclough may increase the level of private housing completions by a quarter this year and the level of work awarded by the NCB is rising but these two buoyant UK areas apart, the group is more than ever convinced of the need to build up a strong overseas presence. Operating profits from work abroad amounted to £2m last year and the group is looking for a significant improvement over the next two years to the point where the value of overseas contracts may total £200m. The reverse side of the coin is a run down of the UK base as Fairclough attempts to tailor its domestic operation to the level of activity in the home market. Details of the success of this policy must await the next accounts, where an operating split should be detailed, but profits this year should be at least broadly maintained after a 13 per cent interim advance where the maximum prospective fully taxed p/e would be an undemanding 7.2. A net final dividend of, say, 4p per share would be very well covered on this basis where the yield is 7.7 per cent. One worrying feature for the sector, however, is the level of payments due, but under protracted negotiation, from local authorities. Delayed payment, in itself, is nothing new but Fairclough, at least now says that the outstanding balances are growing at an accelerating pace.

ABWOOD RIGHTS

Mr. Geoffrey Suckling, the new chairman of Abwood Machine Tools, said yesterday that the £¼m rights issue has been fully taken up or sold at a premium in the market. None has been left with the underwriters.

At the same time, Mr. Alan Peck, the managing director, announces that he has sold 260,000 shares formerly owned by the family trust arising from the rights issue. The shares have been widely dispersed in the market.

Macfarlane up near 63% mid-year—remains strong

Reporting a near 63 per cent jump in taxable profit for the first half of 1979 the directors of Macfarlane Group (Clansman) say the immediate outlook is one of continuing strong sales, profits and cash flow. Profit climbed from £527,000 to £858,000 for the six months to June 30.

For the whole of 1978 profit more than doubled to £1.2m and in April the company stated that growth had continued in the first quarter of the current year.

Halftime sales by the group, which has interests in packaging and printing, were ahead from £6.33m to £8.18m—close on the total for 1977.

Tax took £446,000 (£274,000) leaving earnings per 25p share 1.87p higher at 4.95p. The net interim dividend is effectively stepped up from 1.68p to 2.1p—last year an adjusted 3.4304p was paid.

Mr. Norman Macfarlane, the chairman, says that trading has been buoyant in most areas of the business, and the group has made particular progress in the companies which have close connections with the whisky and computer industries.

● comment

Macfarlane has achieved better-than-expected results this year, with interim pre-tax profits 63 per. cent higher on turnover which has increased by 29 per cent. The secret behind the group's success has been increased volume in two of its most important areas of interest—packaging for whiskey and computer manufacturers. Both its bottle closure (one-third of sales) and computer product (one-fifth of sales) divisions have been operating at more than 90 per cent capacity; the latter being a high-performing subsidiary called Fullarton, acquired a couple of years ago. The group is also fortunate in having eliminated its horrowing. The interim dividend is maintained at last year's level, but on capital increased by the one-for-four scrip issue. Analysts are predicting 1979 pre-tax earning of not less than £1.5m, yielding of not less than £1.5m, which indicates a p/e of 9.9 at 88p.

'Johnnies' boosts its final to 205c

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA'S Johannesburg Consolidated Investment ("Johnnies") mining and industrial group is boosting its final dividend to 205 cents (110p). This brings the total for the year to June 30 to 255 cents against 170 cents for 1977-78.

As indicated at the half-way stage, investment income has taken a stride ahead under the impact of the group's important diamond and gold shareholdings which in the previous year provided 32.4 per cent and 18.9 per cent, respectively, of the total.

Share realisation profits have fallen below the previous year's exceptionally high levels, but a surplus has arisen from the sale of timber interests. Trading profits of the operating subsidiaries have fallen because of losses at Steelbrite which is being reorganised.

	Year to June 30, 1979	1978
	(R million)	
Investment income	37.9	26.4
Net sundry revenue	6.8	4.1
Interest recvd.(paid)	0.7	(2.5)
Attributable profits of operating subsids.*	7.6	8.5
Making	53.0	36.5
Surplus on realisation of investments	3.8	14.6
Surplus on realisation of fixed assets	4.0	—
Exploration expend.	2.8	2.8
Depreciation	0.5	0.7
Provision for loss on currencies	0.9	1.2
Profit before tax and extraord. items	56.6	47.4
Tax	0.4	0.6
Profit after tax but before extraord. items	56.2	44.8
Pref. dividends	4.5	2.6
Interim of 50 cents (1978—40 cents)	3.6	2.8
Final of 205 cents (1978—130 cents)	14.6	9.3
Extraordinary items	0.5	(44.4)
Balance transferred to/(from) reserves	34.0	(14.?)

* After deducting R25.8m for depreciation, fees, interest, tax and minorities.

Net profits after tax come out at R56.2m (£30.2m) against R44.8m last time when there was a subsequent provision of R44.4m to cover the write-off of the Otjihase copper mine in Namibia (South West Africa).

"Johnnies" investments, at cost less provisions, rose to R208.2m from R168.9m in the past year. The market value at June 30 amounted to R475.3m against R344.5m a year previously. The June 30 value of net assets per share equalled R68.80 (£37). In London yesterday the share price was unchanged at £17½.

● comment

For the current year, diamond income should be fully maintained while that from gold should show a good increase. Coal looks like providing more as does copper, the latter largely reflecting the holding in Palabora, and there remains the possibility of a resumption of operations at Otjihase. The various non-mining activities should do well again and increased income and better dividends are in train from the holdings in Rustenburg Platinum and Consolidated Murchison. In all, therefore, "Johnnies" is heading for a fresh advance in profits, a view that is underlined by the sharply increased final now announced. Against this background and the current above-average dividend yield of just under 8 per cent the shares are not over-priced.

ROUND-UP

Anglo American Investment Trust, the 52 per cent owned Anglo American Corporation unit which holds 26 per cent of De Beers, is maintaining its interim dividend at 230 cents (123.6p). Payments for 1978-79 were 750 cents. Estimated net profits for the half to September are R24.5m (£13.1m), against R24.78m in the comparable period of 1978, mirroring the trading performance of De Beers.

* * *

Following a Supreme Court order in New South Wales, Selection Trust's Australian reorganisation will come into effect, as planned, next Friday. Selcast Exploration shares will cease to be listed. The public's shares in this company and Seltrust Mining will be cancelled and new "A" ordinary shares in Seltrust Holdings issued in their place. Trading in the "A" shares starts on Monday along with trading in the rights for the proposed issue of "Z" shares.

* * *

Dampier Salt, 64.9 per cent owned by Conzinc Riotinto of Australia, is to spend A$13.7m (£6.9m) on rebuilding and expanding the Lake Macleod project in Western Australia. The project was destroyed by Cyclone Hazel last March. Salt shipments should resume at the end of next year.

* * *

Australia will meet half the costs of a number of uranium exploration projects being discussed in Manila by a team of Australian experts and Philippine Energy Ministry officials. Under an agreement reached last year, Australia will provide uranium for two Philippine nuclear reactors, should construction proceed.

* * *

Teck Corporation of Vancouver is lifting its cash offer for Highmont Mining to C$9.0 (£3.45) a share from C$8.50. But Teck's share exchange offer is unchanged—six Teck class "B" shares for every 10 in Highmont.

Union Corpn is doing well

A GOOD first half is reported by the South African General Mining group's Union Corporation mining finance subsidiary. Net earnings have risen to R38.8m (£20.9m) from R24.4m in the first half of 1978 when the year's total was R82.5m.

Union Corporation reckons that earnings for the second half of this year will approximate those for the first half which equal 63 cents per share, a rise of 59 per cent on the figure of a year ago.

The interim dividend is being lifted to 19 cents (10.2p) from 15 cents last year when there was a subsequent final of 32 cents.

Group earnings are made up as to mining 33 per cent, industrial 39 per cent and other 28 per cent. During the past half-year investment income from gold, platinum and base-metals rose by 45 per cent while a slightly higher gain of 47 per cent was achieved by the industrial interests.

	Six months ended June 30, 1979	1978
	R000	R000
Operating income	56,580	40,805
Investment income	13,916	13,244
Realised profit invests.	2,859	1,817
Making	78,355	55,866
Exploration expend.	1,243	2,719
Interest paid	12,857	10,595
Profit beforetax	64,255	42,552
Taxation	12,657	8,311
Income after tax	51,598	34,241
Outside holders	12,753	9,815
Attributable	38,845	24,426
Earnings per share (cents)	63	40
Interim dividend (cents)	19	15
Net asset value per share (cents)	1,124	853

Realised profit on investments this year will probably be down because it was given a fillip of R7m in 1978 by the sale of the interest in Minera Frisco.

● comment

A final dividend for the year of 38-40 cents looks to be a fair expectation. On the consequent total of 57-59 cents the shares at their current London price of 419p—it compares with net assets per share of 1,124 cents, or 604p—would offer a yield of around 7.5 per cent which would be reasonable for this issue.

Maple leaf turns to gold

AS THE price of gold moved up to a fresh high of over $317 per ounce at one time yesterday, it was announced that Canada's new one-ounce gold coin — the "Maple Leaf" — will go on sale on September 6.

Production will continue as planned, despite the recent sharp increase in the gold price, with 1m coins on sale this year and 2m coins a year in 1980 and 1981.

The Maple Leaf will be similar to South Africa's Krugerrand. Sales of the latter last year climbed 80 per cent to 6m coins —equal to 26 per cent of the Republic's gold production—and more than half the total of coins sent to the U.S. market.

In the first half of this year sales of South Africa's Krugerrands fell sharply owing to high stock levels in Europe and the U.S. at the end of 1978, which had to be run down, coupled with earlier anticipations of a setback in the gold price. But sales picked up sharply in July, bringing the year's seven-month total to 2.86m coins against 3.09m in the same period of 1978.

In Ottawa, Mr. Yvon Garlepy, Master of the Mint, said of the Canadian coin: "Demand seems to be very good and all our official distributors seem to be very interested in getting delivery as quickly as possible."

It will sell at the current bullion price plus a premium which may range from 4 to 7 per cent according to the retail outlet. The European agents for the coin are Deutsche Bank, Dresdner Bank and Swiss Bank Corporation.

U.S. and Canadian agents are: Republic Bank of New York, Mocatta Metals, J. Aron, Bank of Nova Scotia and Canadian Imperial Bank of Commerce.

● East Malartic Mines, the veteran Canadian producer, had 1979 first half net profits of C$1.1m (£422,100) compared with C$165,000 in the same period of 1978. But ground conditions at the mine are deteriorating and ore reserves have declined. Mining will stop next month, although it is hoped to use the plant for custom milling, starting sometime next year.

MKU interested in Ranger stake

AUSTRALIA'S only producing uranium miner, Mary Kathleen Uranium, has thrown its hat into the ring for the 50 per cent share of the Ranger uranium project which the federal Government wants to sell, reports James Forth from Sydney.

MKU, which is 51 per cent owned by Rio Tinto-Zinc's offshoot, Conzinc Riotinto of Australia, declared its interest when announcing a A$10m turnabout in earnings. The company declared a profit of A$8.77m (£4.4m) for the June half compared with a loss of A$1.46m for the same period of 1978. Sales rose 57 per cent to A$28.7m.

Referring to the Government's recently announced intention to sell its stake in Ranger, the directors said that although the other partners, Peko-Wallsend and EZ Industries, had the first right of refusal, MKU was investigating the matter.

Along with other companies MKU had "formally registered" its interest with the Government. The Government's Ranger interest is held by the Australian Atomic Energy Commission which also owns 41.6 per cent of MKU, and which the Government also wants to sell.

MKU repaid loans outstanding to its bankers of A$3.125m in the latest half. Loans from the major shareholders, CRA and the Government totalling A$20m are still outstanding.

No tax was payable, but the board expect earnings from 1980 onwards to attract tax, and result in substantially lower profits for the remaining life of the mine.

Meanwhile the Ranger partner, Peko-Wallsend, boosted profit 39 per cent to a record A$26m (£13.1m) in the year to July 3 and lifted its dividend from 15 cents a share to 17.5 cents (8.8p). The directors have also decided upon a one-for-five rights issue at A$3.00 a share, compared with the closing price in Sydney yesterday of A$6.06.

UMAL EARNINGS EDGE HIGHER

Earnings at Utah Mining Australia (UMAL) edged higher in the 1979 first half, vindicating the prediction made by the company last April of a return to growth in profit this year, albeit with a gradual start.

Net profits in the six months to June were A$8.98m (£4.5m), compared with A$8.25m in the same period last year. The interim dividend is maintained at eight cents (4.03p) on a capital enlarged to 60m shares from 42m earlier in the year.

UMAL holds a 10.8 per cent stake in Utah Development, the largest Australian coal producer. Utah Development is 89.2 per cent owned by Utah International, a unit in the General Electric group of the U.S. UMAL was established to allow direct Australian participation in the affairs of Utah Development.

Mineral sales revenue at UMAL slipped to $A12m in the first half from A$13.04m in the same period last year. But dividend income rose to A$7.36m from A$6.54m.

The shares in London yesterday were unchanged at 225p.

AS MINING TO SAMPLE PIPES AT MT. WYNNE

The *Selection Trust* group's Australian *AS Mining Ventures* has discovered a fourth "pipe" of igneous material in the Mount Wynne joint venture diamond exploration area in the West Kimberleys, according to its partner *Haoma Gold Mines*.

The latest pipe has a surface area of about two hectares and a treatment plant will arrive on site later this week to test all the pipes for diamonds. AS Mining can earn a 60 per cent stake in the project by spending A$2.7m (£1.36m) on the prospecting work, leaving Haoma and *North West Mining* with 20 per cent each.

The normal procedure for examining pipes is firstly to carry out drilling in order to define the limits of the kimberlite material contained therein. The next stage, as in this case, is to obtain samples by trenching or other methods and then put the material through a treatment plant.

This last stage is the one that aims to find out whether the pipe is diamondiferous—the majority of pipes turn out to be barren. If diamonds are found a great deal more work is needed to guage whether they are sufficient in quantity to warrant a mining operation and very few pipes pass this test.

Attributable profit down at Brammer midterm

ATTRIBUTABLE PROFIT of H. Brammer and Co. fell from £1.81m to £1.2m for the first half of 1979, after tax more than doubled from £720,000 to £1.53m. Sales by the replacement bearings and power transmission products group advanced to £19.81m, compared with £15.84m.

Profit was struck this time after unrealised exchange losses of £106,000 and £109,000 acquisition expenses.

Mr. J. E. Head, the chairman, says the results were in line with the company's predicted programme. In May the company had said that in accordance with its long term plan it would devote 1979 to expansion and market penetration in selected product and services associated with both source and transmission power.

The company now has adequate cash resources to support continuing product and market development, Mr. Head says.

Stated earnings per share for the half year were down from 0.08p to 0.059p. The net interim dividend is effectively raised to 1.8p (1.2p) to reduce disparity. A 3.8p final was paid for 1978 from record pre-tax profit of £5.47m.

Mr. Head says that Rope Machinery Inc., which was acquired in the U.S. earlier this year, is progressing well. As already known the group's negotiations to acquire the Morse Chain division of Borg Warner have been discontinued.

● comment

The figures from H. Brammer demonstrate moderate growth over the first half of 1979: pre-tax earnings are up by 16.4 per cent on a 23.8 per cent higher turnover. These increases stem from better performances in the group's bearing distribution and rubber product activities. Meanwhile, there is a good deal of cash awaiting group utilisation. This is because the £3.5m rights issue last March, which was intended for investment in the United States and for the acquisition of a Borg-Warner subsidiary, has not been fully spent. The former purchase, a spindle manufacturing and rebuilding operation in Massachusetts, has been completed but efforts to acquire Morse Chain for about £4m have fallen through. The group has put its interim dividend up by 50 per cent, but this is partially intended to reduce the discrepancy between the interim and final payments. At yesterday's share price of 128p, down 1p, and the fully taxed p/e would be 11 assuming profits of about £6m before taxes. Shareholders would be advised to observe the manner in which the group's cash is spent for a clearer signal of the shape of things to come.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Cement-Roadstone, Grovebell, Ladbroke, Edward Le Bas, Nurdin and Peacock, Nu-Swift Industries, Pearl Assurance, H. and J. Quick, Thomas Robinson, Slough Estates.

Finals: Associated Dairies, Benzima Industries, Crouch Group.

FUTURE DATES

Interims:	
British Printing	Sept. 27
Hyman (I. and J.)	Sept. 3
Liberty	Sept. 21
Tarmac	Sept. 24
Finals:	
Blackwood Morton	Aug. 31
Heath (Samuel)	Sept. 6
Linfood	Sept. 3
Palmerston Investment Trust	Sept. 3

£1.5m fall at Assam Trading

Pre-tax profits of Assam Trading (Holdings) fell to £1.41m in the year to March 31, 1979. This compares with a forecast of £1.44m and £2.9m last time.

The results represent almost entirely the company's patricipation in McLeod Russel and Co. Share of associate profits was £1.45m (£2.91m).

As expected, the net dividend of the "B" stock is raised from 7.5p to 10p. Earnings are shown to have fallen from 104.22p to 26.33p.

Bridgend forecasts greater loss

A HIGHER loss is forecast at Bridgend Processes for 1979. The upheaval in Iran has had a severe direct and indirect impact on the company's trading and the board has decided it is prudent to write-off the group's investments in the structural thermoform partnership with Metal Box, in the current year.

"These events are bound to cause a hiatus in the group's income, coinciding as they do with the short-term reduction in income from Japan, and it is, therefore, probable that the result for this year will show an increased loss," says Mr. R. Hamilton-Peters, the chairman.

However to meet the situation efforts are being concentrated on bringing on stream the sale of new electronic products.

Two of these products, the Vector intruder detector and the Canary microwave leakage detector, are expected to make a significant impact on the results for 1980, he says.

The chairman adds that there is a remarkable volume of worldwide interest in the companies' electronic technology and he thinks this justifies retaining the group's longer term ambitions.

A thorough appraisal of the financial requirements of each of the various projects with which the company is concerned has been carried out and the board is satisfied that there is no immediate necessity for special financial measures.

As known Bridgend fell back into loss with a £93,716 pre-tax deficit in 1978 after showing a recovery to £8,200 profit the previous year following three year's in the red.

Production difficulties in structural thermoforming have been overcome and significant pallet sales into such markets as food and pharmaceuticals have been developed. Even so it would be unrealistic to assume that any of the expected substantial orders would materialise in the foreseeable future and the possibility of manufacturing in Iran had also disappeared Mr. Hamilton-Peters explains.

Australian mining joint venture by Derek Crouch

AS PART of its policy of expansion **Derek Crouch**, the opencast mining contractor, is entering into a joint venture contract with **Brambles Industries of Australia**.

A joint company is to be formed which will concentrate on opencast mining in Australia.

Brambles is a major supplier to the Australian mining and construction industries of transport and support services.

In its last financial year it reported pre-tax profits of A$17.4m (£8.7m) on turnover of A$244.8m (£122.4m). In 1978 Crouch reported a pre-tax profit of £2.8m on turnover of £42.8m.

It is planned that the new joint venture company — Brambles Crouch — will have its headquarters in Sydney. Mr. Sydney Exelby, a member of Crouch's main board, and until recently the director in charge of new developments, has already moved to Australia.

STENHOUSE SHARE TRANSACTIONS

Mr. Raymond Strange, a director of **Stenhouse Holdings**, the insurance broker, sold 50,000 shares on behalf of himself and his wife in the group on August 20—the day **Continental Corporation**, the U.S. insurance concern, went into the market and bought 20 per cent of the Stenhouse equity. The deal was worth £54,875.

Mr. Strange received 109¾p for each share sold and he has reduced his holding in the company to 100,600 shares. Yesterday Stenhouse shares closed at 89p.

Mr. W. G. Gardiner, the Stenhouse company secretary, said that Mr. Strange's sale had been made "for financial reasons. It was not a short term deal."

Mr. William Wilson, another director, has notified the stock exchange that his non-beneficial interests reduced by 34,249 shares to 879,585 shares in three deals as a result of the following transactions by a trust in which he has an interest as a trustee.

On March 22 there was a sale of 7,500 shares at 99p; April 3, sale of 5,285 shares at 97p; July 4, transfer of 21,464 shares t obeneficial owners.

DRAKE AND SCULL

Globe Investment Trust has increased its stake in **Drake and Scull Holdings** to 9.56 per cent. The move follows the conversion by institutional shareholders of their preference shares into ordinary shares and the placing early this month among institutions of the 13 per cent previously held by the Department of the Environment as part of the rescue plan for Drake.

SHARE STAKES

Albert Fisher Group: Mr. A. Haydock, director, has acquired 40,000 shares at 8p. Total holding 40,000 shares (1 per cent). He is a trustee of trusts which control Tynelake which holds 1,156,214 shares (28.9 per cent). Executors of Mr. M. G. Litt, deceased, Mr. J. A. Woods and Mr. J. A. Green, have disposed of 350,000 shares leaving holding 47,500.

Western Dooars Tea Holdings: Camellia Investments has bought 11,000 shares making holding 258,965 shares (23.59 per cent).

Merchants Trust: Following recent purchases Standard Life Assurance Co. holds 3,605,000 shares (7.1 per cent).

H. Brammer and Co. Prudential Corporation has acquired 205,000 shares making holding 1,542,188 shares (6.13 per cent).

SLOUGH PAYS $3M FOR U.S. STAKE

Slough Estates, through an 80 per cent owned U.S. subsidiary, has bought 5.15 per cent of **Bank America Realty Investors**, a Californian real estate investment trust advised by Bank America.

The purchase, costing $3m, is said to be for investment and no bid is planned at present though Slough reserves the right to change its mind in the future.

The deal has been carried out by a company called SDK Industrial Parks, in which Slough has 80 per cent and a private U.S. company, Draper and Kramer, has 20 per cent. SDK was set up in 1973 to develop property sites in and around Chicago, including the ½m square foot industrial park at Elk Grove now fully let.

JENKS & CATTELL

Mr. Terry Maher, chairman of **Pentos**, the publishing engineering and garden products group, confirmed yesterday that the company would not be making a bid for **Jenks and Cattell**.

Pentos now holds 20 per cent of Jenks following the sale by W. Tyzack Sons and Turner of the ¾m shares it received from Jenks when Tyzack sold its garden tools division to Jenks. Pentos bought all the shares thus issued.

With two members on the board of Jenks and with 20 per cent of the equity Pentos can now consolidate its share of Jenks' profits. However, Mr. Maher explained that the main reason for the move was not for accounting purposes but to secure lines of supply for garden tools which it distributes and sells.

Pentos had a supply agreement with Tyzack and now has an informal agreement with Jenks. The arrangement was an alternative to a full bid by Pentos for Jenks or the purchase from Tyzack of the garden tools division. Pentos had no intention of bidding for Jenks and did not want to extend into the manufacturing end of garden tools, Mr. Maher explained.

MILLS AND ALLEN BUYS PUBLISHER

Mills and Allen International, the rump of the former Vavasseur Group, continues to make acquistions. Yesterday it announced the purchase of **Kingsway Press**, a publishing group, for £376,000. The bulk of the acquisition price is to be in unsecured loan notes of Mills and Allen.

Kingsway, like Mills and Allen, is a major printer of large posters for outdoor advertising which produced £2.6m of Mills and Allen's £5.7m pre-interest profits last year. In addition, Mills and Allen specialises in cinema advertising, currency broking, film production and printing and publishing.

MOOLOYA

The listing of **Mooloya Investment** has been restored following the announcement of a bid from **Nunnery Holdings**.

Crown House has 29% of Denbyware

Crown House, the electrical and mechanical contractor and glassware manufacturer, has raised its stake in **Denbyware** from 13.6 to 29.98 per cent—just below the level where a bid would be mandatory.

In May this year, Denbyware bought Best and May, the electrical equipment stockist, for £1.9m.

Denbyware, well known for its stoneware, cutlery, glass and gifts, made a loss in 1977 then recovered last year. But Denbyware's profit was less than that of Crown House's glassware side which last year made £1.7m.

The stake of 1,289,000 shares is worth £1.56m at Denbyware's closing price yesterday of 121p.

HANSON BUYS MORE LINDUSTRIES

Hanson Trust's stake in *Lindustries*, only 5.9 per cent when its bid was announced on August 1, now exceeds 20 per cent. Yesterday Hanson announced that it had bought a further 476,350 Lindustries shares at 135p, bringing the holding to 3,850,786 shares, 20.6 per cent of the Lindustries' ordinary capital. This percentage does not include acceptances of the bid.

TESCO/CARTIERS

The offer by **Tesco Stores (Holdings)** for **Cartiers Superfoods** has been accepted in respect of 10,954,339 shares (84.7 per cent).

No monopolies clearance has been received so the offer is not unconditional. Accordingly it is extended and remains conditional on 90 per cent acceptance or such less percentage as Tesco may decide, by September 14 and Monopolies clearance.

Subject to Monopolies clearance by not later than September 10, Tesco intends to declare the offer unconditional.

Union Corporation Limited

(Incorporated in the Republic of South Africa)

HALF-YEARLY STATEMENT

The unaudited consolidated results of the group's operations for the six months ended 30 June 1979 are set out below together with the unaudited results for the six months ended 30 June 1978 and the audited results for the year ended 31 December 1978.

	Six months ended 30.6.1979 R000's	Six months ended 30.6.1978 R000's	Year ended 31.12.1978 R000's
Operating income	56,580	40,805	90,426
Income from investments	18,916	13,244	30,038
Realised profit on investments (note 1)	2,859	1,817	11,580
	78,355	55,866	132,044
Deduct:			
Exploration expenditure	1,243	2,719	3,507
Interest paid	12,857	10,595	23,704
Provision for writing down investments and amounts written off investments (note 2)	—	—	2,000
	14,100	13,314	29,211
Consolidated net income before taxation	64,255	42,552	102,833
Taxation	12,657	8,311	18,565
CONSOLIDATED NET INCOME AFTER TAXATION	51,598	34,241	84,268
Attributable to outside shareholders in subsidiaries	12,753	9,815	21,747
CONSOLIDATED INCOME ATTRIBUTABLE TO ORDINARY SHARESHOLDERS OF UNION CORPORATION LIMITED	38,845	24,426	62,521
Cost of dividend	11,658	9,175	28,809
Investments—listed, market value	490,663	268,121	410,591
—unlisted, directors' valuation	24,205	114,974	21,425
Equity shareholders' interest including investments at market value or directors' valuation	689,399	524,605	580,790
PER SHARE — in cents			
Earnings (note 1)	63	40	102
Dividend	19	15	47
Net asset value	1,124	858	947
Ordinary shares in issue (000)	61,357	61,167	61,357

The earnings shown above reflect an improvement of 59% compared with the corresponding period in 1978 and the contribution to earnings for this period by the various divisions of the group is not dissimilar to that of the year to 31st December 1978 namely:

Mining 33%; Industrial 39%; Other 28%.

Income from investments in the gold and platinum sectors and from other metals and minerals improved by 45% despite income from Impala Platinum Holdings being lower due to a change in timing of dividend declarations by that company. This latter position will be restored in the second six months of this financial year in view of the higher final dividend recently declared by Impala.

All the industrial subsidiary companies recorded improved earnings for the six months under review and the attributable income from these subsidiaries reflected an overall improvement of 47% when compared with the corrsponding period in 1978. Total turnover increased during the period by 21%.

Income from other sources such as finance, property, share dealing, etc. reflected an increase of 127% for the current half year, largely due to a significantly higher realised profit on investments in the buoyant conditions which prevailed on The Johannesburg Stock Exchange.

Shareholders are again reminded that investment income and certain expenses, particularly exploration expenditure, do not accrue evenly throughout the year. At this stage, however, it would appear that earnings for the second six months of the current financial year will approximate those for the first half.

The board has declared an interim dividend of 19 cents per share (1978—15 cents) in respect of the year to 31 December 1979 and a separate notice is appended in this regard.

NOTES:

1. **Realised profit on investments**
   Realised profit for the year 1978 included an exceptional amount of R7,078,000 arising from the sale of the group's interest in Minera Frisco S.A. de C.V. This amount was equal to 12 cents per Corporation share. Actual earnings for 1978 excluding this amount were thus 90 cents per share.
2. **Writing down of investments**
   No provision has been made in the above half-yearly figures for the writing down of investments as this provision is calculated at the Company's financial year-end and is related to market prices ruling at that date.
3. **Subsidiary companies**
   During the period under review, the Corporation increased its holdings in certain subsidiary companies as set out below:

	Effective holding at 30.6.1979 %	Effective holding at 31.12.1978 %
Darling & Hodgson Limited	56	55
Evelyn Haddon & Company Limited	57	55

4. **Final dividend 1978**
   The final dividend of 32 cents per share declared in 6 March 1979 in respect of the year ended 31 December 1978 was paid on 2 May 1979 and absorbed R19,634,000.

INTERIM DIVIDEND

The interim dividend of 19 cents per share, Republic of South Africa currency (1978—15 cents), declared by the directors, will be payable to members registered at the close of business on 14 September 1979 and to persons surrendering coupon No. 130 detached from share warrants to bearer.

By order of the Board
per pro UNION CORPORATION (UK) LIMITED
London Secretaries
L. J. Baines
Princes House
95 Gresham Street
London EC2V 7BS

London Transfer Office:
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

28 August 1979

Vibroplant looks for increase

The strength of the group and continued controlled expansion will lead to a further increase in profits in the current year, says Mr. Roy Clinning, chairman of **Vibroplant Holdings**, the plant hire concern, in his annual report.

He adds that demand over the past few months has been encouraging and trading profits so far this year are above those of the same period in 1978.

In the year to March 31, 1979, the group lifted taxable profits from £2.61m to £3.17m on turnover ahead from £9.5m to £11.2m.

Mr. Clinning adds that negotiations and planning consent were finally approved for a depot in East Birmingham at the end of 1978, which is now making a useful contribution to profitability.

Land and buildings have been acquired in West Bromwich as a major support depot for the south Midlands, and to provide services in the west Birmingham area in the immediate future.

Yearlings up to 12-5/8%

The coupon rate on this week's batch of local authority yearling bonds is up from 12½ per cent to 12⅝ per cent. The bonds are dated September 3, 1980, and issued at par.

This week's issues are: London Borough of Barnet (£1m), London Borough of Croydon (£1m), Lichfield District Council (£0.25m), Borough of Tamworth (£0.25m), St. Edmundsbury Borough Council (£0.5m), Borough of Hyndburn (£0.5m), Dacorum District Council (£0.5m), Wansbeck District Council (£0.3m), City of Carlisle District Council (£0.75m), Wellingborough District Council (£0.75m), Welwyn Hatfield District Council (£0.5m), Cunninghame District Council (£1m), Hertfordshire County Council (£1m), West Yorkshire Metropolitan County Council (£0.5m), Crawley District Council (£0.5m), Ettrick and Lauderdale District Council (£0.25m), Kirklees Metropolitan Borough Council (£0.5m), South Bedfordshire District Council (£0.25m).

The London Borough of Merton is raising £1m by way of 13 per cent bonds due on August 26, 1981 at par while Walsall Metropolitan Borough Council is raising £0.5m with the same terms and maturity.

The Borough of Epsom and Ewell is raising £0.25m by way of 13 per cent bonds due on August 29, 1984 at par.

UK COMPANY NEWS

Electrocomponents sees growth

MR. R. A. MARLER, chairman of Electrocomponents, is confident of further growth in the current year, but refrains from quantifying its extent. He views the future more with caution than pessimism because while he sees problems he also sees new opportunities.

The target set for each operating subsidiary during the next few years reflects, and requires, further substantial growth. Each distribution subsidiary has the potential for a further widening of product ranges and Reading Windings, with additional capital equipment, is able to increase production capacity.

Despite this potential for expansion, the chairman says he is well aware of the current uncertainty in industry. Doubts relating to the continuity of adequate oil supplies give rise to a cautious outlook, but the field of electronics will continue to develop and could benefit from the growing realisation of the need to monitor and conserve energy.

The directors continue to investigate opportunities to widen the group's area of activity in distribution fields. Several possibilities were investigated during last year but none has appeared either viable or proved of sufficient potential for continuing profit.

The directors believe a distribution company is not the most suitable organisation to pioneer new technologies. Nevertheless, the group is in close touch with current development so that new product introductions are made once it is seen that a market is ready for the services of a distributor.

As reported on June 29, pre-tax profits for the year to March 31, 1979 rose by 32 per cent to £10m. The total dividend is stepped up from 2.52579p to 6.5p with a final payment of 5p net.

On a current cost basis the profit is shown at £8.67m, after adjustment for depreciation £105,000, cost of sales £585,000 and net monetary assets £842,000.

The AGM of the company will be held at the Great Eastern Hotel on September 21 at noon.

Fogarty plans scrip and dividend boost

E. Fogarty and Co., the pillow and duvet manufacturer, yesterday doubled its dividend and announced a three-for-one scrip issue designed to help shareholders avoid tax. The company is using a similar device to those adopted this spring by Croda International and Pentos.

Shareholders will be given the choice between receiving three ordinary shares or three deferred shares for each share they hold. The ordinary shares will receive dividends in the normal way. The deferred shares will not rank for dividends until 1984 but then every three deferred shares will change into four ordinary.

The choice between dividends now or an extra share in 1984 will depend on the shareholder's tax rate. According to Phillips and Drew, the stockbrokers advising Fogarty on the scheme, pension funds and others on a low or nil tax rate should take the dividends. But higher rate tax payers would be better off waiting for the extra share.

Those on the standard rate have a more difficult decision, but the balance of advantage may lie with the ordinary shares, the brokers say. It depends on assumptions made about dividend growth, the stockmarket and the number of holders who opt for deferred shares.

The more who opt for the deferred, the bigger the dividends on the ordinary shares will be. A total dividend payout of £402,500 net (£199,035) for 1979 is proposed.

If there is a 27.7 per cent election for deferred shares, the minimum already known to want them, the rate will be 12.3334p for every four ordinary shares. If there is a 57.1 per cent election for deferred shares, the maximum to be allowed, the rate will be 17.1016p for every four ordinary.

An EGM will be held on September 20 to vote on the scrip issue.

Peko Wallsend rights issue

SHARPLY higher profits and a rights issue aimed at raising A$28m were announced yesterday by Australian mining group, Peko Wallsend.

After tax profits for the year ended July have increased from A$19.1m to A$27.3m (U.S.$31m) following a rise in turnover to A$212m from A$168.6m. The rights issue is to be a one-for-five at A$3 a share. Total dividend for the year is going up from 15 cents a share to 17.5 cents.

Profit is declared after tax of A$1.18m compared with A$1.51m depreciation and mine redemption including amortisation of A$10.81m against A$8.55m and interest of A$2.57m (A$1.71m), but before an extraordinary profit of A$2.04m and minorities.

CVRD IRON ORE SALES REACH RECORD LEVEL

Companhia Vale do Rio Doce (CVRD), the state-run Brazilian mining conglomerate, this year has won a record number of iron ore export orders. At 55.9m tonnes they are worth more than $1bn (£447.7m), reports Diana Smith from Brasilia.

Including domestic sales, CVRD in 1979 will place 69.7m tonnes of iron ore on the markets, a volume never equalled in its history of 37 years.

After a slack year in 1978, when exports were only 41.9m tonnes, the improved export performance is attributed to the acquisition of new markets in China, South Korea and Mexico, by Sr Eliezer Batista, the CVRD chairman. At the same time orders were increased from Brazil's traditional customers.

Sr Batista predicts that in 1980, iron ore exports will rise to 70m tonnes. To cope with extra demand, CVRD is expanding in Minas Gerais state, where the group holds, with associates, reserves of nearly 5bn tonnes.

CVRD's export performance could help the Brazilian trade balance from tilting further into the red this year. Imports, following the oil price rises, are expected to cost $16bn this year. Substantial iron ore sales could help to raise export revenue to $14.5-15bn.

A. Preedy looks to second half

Increasing overheads have not yet fully worked through and higher borrowing rates will make this a difficult year, particularly in the first half, says Mr. H. L. Preedy, chairman of Alfred Preedy and Sons in his annual statement.

However, the chairman stresses that because of the increased seasonal trading, by far the greater proportion of profits will be in the second half.

He adds that the tax cuts will probably bring an upsurge in consumer demand, but the decision, taken in the interests of profitability, not to pursue price cutting competition in tobacco goods could restrict retail turnover growth.

Mr. Preedy says that the group, which last year bought Midland Educational Company, has a range of retailing activities which he is confident provides a basis for a strong and profitable future.

Midland Education, he states, fits in well with the diversification plans and should be a great asset to future progress.

Last year Preedy's taxable profits slipped from £1.21m to £1.17m due to increased overheads and pressure on margins which was mainly due to the tobacco price-cutting war.

The balance sheet at March 31 shows fixed assets at £6.8m (£4m) and net current assets of £1.35m (£3.14m). Stock is up from £5.8m to £8.9m and bank overdraft from £34,000 to £3.4m. There is a net cash outflow of £4.3m, against a £1.2m inflow.

Meeting: Tipton, September 20, at 5.45 pm.

IN BRIEF

R.F.D. GROUP (inflatable products, military software, textues)—Results for year ended March 31, 1979, reported July 28 in preliminary statement with prospects. Group fixed assets £5.81m (£3.54m). Net current assets £6.79m (£6.52m). Net assets £12.84m (£10.2m). On Hyde guidelines profit reduced to £1.79m (£3.17m). Meeting, Winchester House, EC, September 14, at noon.

GROUP INVESTORS—Results for June 30, 1979 year reported August 15. Listed investments in UK £5.11m (£3.75m), abroad £2.48m (£3.55m), unlisted £0.22m (£0.16m). Net current assets £231,424 (£335,385). Liquidity decreased by £59,000 (£515,000). Meeting, 2 St. Mary Axe, EC, September 18, 2.30 pm.

DAVY CORPORATION—Results for March 3-, 1979 year reported July 27. Group fixed assets £68.72m (£53.08m), net current assets £32.51m (£47.12m). Net assets £137.05m (£101.75m). Cash resources fell by £3.77m (up £10.56m). On CCA basis, pre-tax profits £23.8m (£26.1m) compared with historical £26.1m (same). Meeting, Cavendish Conference Centre, W, October 1, noon.

GIDDINGS AND LEWIS - FRASER—Turnover for six months to June 30, 1979 £5,125,373 (£4,338,934). Net profit £216,206 (£179,706). Company is a wholly-owned subsidiary of Giddings and Lewis Inc. (USA).

GEORGE INGHAM AND CO. (HOLDINGS)—Turnover for half year to June 30, 1979, £1,091,435 (£823,409). Net profit £25,290 (£21,304) after nil (same). Earnings per share 1.26p (1.07p).

HAZLEWOODS (PROPRIETARY) (vegetable pickler and processor)—Results for year to March 31, 1979, and prospects, reported August 2. Group fixed assets £1.02m (£780,592), net current assets £1.19m (£560,957). Net bank overdrafts decreased by £91,978 (£407,620 increase). Meeting, Rowditch, Derby, September 18, noon.

CARRINGTON INVESTMENTS—Results for the year to March 31, 1979, reported August 4. Fixed assets £3.03m (£2.38m). Current assets £314,425 (£707,009). Current liabilities £180,333 (£207,386). Meeting, Birmingham, on September 28 at noon.

BRADY INDUSTRIES (door maker)—Results fro year to March 31, 1979, and prospects reported August 2. Group fixed assets £3.18m (£2.4m), net current assets £4.13m (£3.86m). Net bank overdrafts decreased by £125,000 (£800,000 increase). Property revaluation resulted in £896,000 credit to capital reserves. Meeting, Manchester, September 18 at noon.

NORTH AMERICAN NEWS

Further Exxon delay on Reliance bid

BY DAVID LASCELLES IN NEW YORK

EXXON announced yesterday that it would further delay its decision to buy the 15m shares of Reliance Electric which have been tendered as part of its $1.17bn takeover bid. The shares, representing 95 per cent of Reliance's common stock, have been held in abeyance pending resolution of the Federal Trade Commission's court challenge to the bid.

The delay adds further tension to what is already one of the U.S.'s most complex and potentially precedent-setting takeover battles.

The announcement followed the court's request on Monday that both Exxon and the FTC submit further findings on fact and law by September 7. Until then, the court will reserve decision on whether to modify its order of August 17 that relevant segments of Exxon and Reliance be "segregated" if the takeover goes through.

Exxon wants to buy Reliance to manufacture and market a new energy-saving device called an alternating current synthesiser which it says could save the country 1m barrels of oil a day by the 1990s.

However, following the FTC's claim that the takeover would be anti-competitive, the court in Washington ordered that the deal could go through provided Exxon and Reliance be completely segregated.

The court also said, though, that it would consider alternatives, particularly whether Exxon might grant non-exclusive licences for its energy-saving technology to third parties.

Exxon says it is willing to do this. But the FTC contends that it would be illegal for Exxon to license the technology because it obtained it from the Massachusetts Institute of Technology. And even if it did go in for licensing, this would not aid competition, the FTC contends.

Yesterday's delay, Exxon's second since the court case started, is also bound to anger Reliance Electric and its shareholders who fear that Exxon will eventually drop the bid. Exxon's offer of $72 a share was more than double the market price, and Reliance says that Exxon is obliged to pay for shares tendered. A shareholder class action has also been filed against Exxon demanding payment.

Half-year gain at Thomson group

By Our Financial Staff

FIRST HALF profits at International Thomson Organisation, the Canadian holding company which takes in the Thomson Organisation's North Sea interests and The Times and Sunday Times newspapers, were 4.1 per cent up at £63.2m (U.S.$141.2m).

Net earnings showed a 5.8 per cent rise at $32.8m and sales at $663.9m were 13 per cent higher than for the corresponding 1978 period.

Trading profits however, struck before a reduced interest charge of £3.7m were 0.6 per cent lower at £149.4m. Included in trading profits was a net exchange gain of £1.4m compared with a similar loss of £5.2m last time, and costs of about £38.6m in the period relating to the suspension of The Times, its supplements and The Sunday Times.

Iowa Beef answers allegations

DAKOTA CITY—Iowa Beef Processors stated yesterday that it has prohibited its employees from speculating in any commodity futures since May 25, 1976. The statement followed a call by Congressman Benjamin Rosenthal for an investigation into allegations that beef prices had been manipulated by several major beef packers and commodity futures speculators.

Mr. Rosenthal said the investigation should begin with present and former officers or employees of Iowa Beef Processors and of Spencer Packing. He also named several brokerage firms.

Iowa Beef said its nonspeculation policy is posted up in a prominent place in every company plant and those who have not complied with the policy have been dismissed.

But the company said it has no control over former employees and cannot comment on that part of Mr. Rosenthal's statement.

It added that it has no business relationships with any of the commodities trading firms named in the allegation, although it occasionally purchased small amounts of carcase beef from Spencer Foods at a negotiated price.

Mr. Rosenthal said that consumer groups and sources inside the industry had told him that the "yellow sheet," a private wholesale price listing, was pushed to an artificial low in early August.

Reuter

Sharon Steel debenture

NEW YORK — Sharon Steel Corporation has filed with the Securities and Exchange Commission for an offering of $50m principal amount of subordinated sinking fund debentures, due 1999.

The offering will be made through an investment banking group managed by Paine Webber, Jackson and Curtis.

The debentures will be subject to a sinking fund calculated to retire 75 per cent of the issue before maturity and interest will be payable semi-annually.

Otherwise, the proceeds will be available for capital expenditures and other corporate purposes.

Reuter

Flintkote agrees to $392m bid

By Our Financial Staff

FLINTKOTE'S directors have approved in principle an agreement by Louisiana Pacific Corporation, the wood and building materials group, to acquire the company in a deal worth some $392m.

Under the agreement, holders of the 7.4m outstanding common shares of Flintkote, also a building materials company, will have three options. They may elect to receive $53 cash for each share or two shares of a new Louisiana-Pacific preferred stock or a combination of cash and preferred stock.

Elections will be subject to adjustment if necessary so that the cash paid to the Flintkote holders is about $175m and Flintkote holders will receive about 8.2m shares of the new ordinary Louisiana-Pacific convertible preferred stock. Exchanges of Flintkote shares for Louisiana-Pacific preferred stock are expected to be tax free.

In connection with the merger, Flintkote will call for redemption of its outstanding preferred stock on terms which will be announced at a later date.

Negotiations concerning the previously announced agreement in principle for an acquisition of Flintkote by a group of investors led by Kohlberg Kravis Roberts and Co. have been discontinued.

Bay profits below target

By Our Financial Staff

MERCHANDISING profits for the first half at Hudson's Bay Company, although well above last year because of the inclusion of Simpsons' and Zellers' profits and a 35.7 per cent share in Simpson-Sears earnings, were well below expectations, primarily because of high inventories.

Earnings rose by 62 per cent to C$7m before extraordinary items. Sales totalled C$1.5bn. Last year's sales total, prior to the Simpsons and Zellers acquisitions, were C$691.4m. Including Simpsons and Zellers for both years, retail sales were ahead by 12.8 per cent for the first half.

Fur profits included in merchandising were well ahead of the previous year. Real estate results improved.

Finance costs were greater than anticipated because of the sharp increase in short-term interest rates and higher than planned stock levels.

Bitterness increases in IBM anti-trust trial

BY JOHN WYLES IN NEW YORK

THE FOUR-YEAR-old trial of the U.S. Government's anti-trust suit against International Business Machines has become characterised by a series of increasingly bitter exchanges over the company's attempt to dislodge the judge presiding over the case.

In an unexpected move on July 19, IBM asked Federal Chief Judge David Edelstein to remove himself on the grounds that his conduct had shown "a personal bias and prejudice" against the company. The company alleged in a 2,000-page document more than one foot thick that Judge Edelstein had consistently ruled against it, abused its witnesses, excluded part of its evidence and approved government subpoenas for excessive amounts of company documents.

The Justice Department responded on August 9 with a 14-page memorandum which has now been amplified in a document more than three inches thick filed with the court. The government claims that IBM "misrepresented the record" in "2,000 pages of rhetoric," which cited "many incidents which are out of context, misleading and untrue."

The trial is currently halted indefinitely, although Judge Edelstein has said he will deal with IBM's submission "in due course." The Justice Department clearly believes that the company has launched a delaying tactic which may be aimed at pressing the government into a negotiated settlement.

Government to back steel loans

WASHINGTON — The U.S. Government has agreed to guarantee 90 per cent of $150m in loans to Wheeling-Pittsburgh Steel Corporation for construction of a rail mill in Pennsylvania and anti-pollution equipment at plants in Ohio and West Virginia, Government officials said.

The Commerce Department's Economic Development Administration will back 90 per cent of a $100m loan to build a mill to produce 78-foot railroad rails; and the Agriculture Department's Farmers Home Administration will back the remaining $50m for anti-pollution equipment at plants in Martins Ferry, Yorkville, and Steubenville in Ohio, and at Follansbee Sinter and Benwood in West Virginia.

The monies are committed from the beginning of September 30, 1980, with the last commitment coming on November 30, 1982, the official said.

An additional $41.5m has been committed by private and State sources.

● In Pueblo, CF and I Steel Corporation, a crane unit, said it is suing Wheeling Pittsburgh in an effort to invalidate the Federal guarantees of loans to finance Wheeling Pittsburgh's entry into the steel rail business.

CF and I Steel said it is filing the suit in the Federal District Court in Denver. The suit will seek to overturn approval granted by the Economic Development Administration.

CF and I said it has just completed an $85m modernisation and expansion of its own rail mill. This project was financed entirely from internal funds and private borrowings, the company said.

"It is totally illogical for the Government to finance Wheeling Pittsburgh's entry into the rail business," Mr. R. J. Slater, president of CF and I, said, adding that this would create excess capacity in a currently healthy segment of the steel industry.

Reuter

Macy sees fourth quarter rise

NEW YORK — Preliminary fourth quarter net income of the retailer R. H. Macy and Co., was $1.60 to $1.65 a share, compared with 94 cents a share or 90 cents fully diluted a year earlier, according to the company. The gains were due primarily to improved store operations, Macy said, while the effective Federal tax rate was also favourable.

Sales in the quarter, which ended on July 28, rose to $469m from $417m in the previous comparable period.

For the full year, net income rose to between $7.20 and $7.25 a share from $6.12 primary and $5.73 diluted a year earlier. Sales rose to $2.06bn from $1.83bn, Macy said.

Sears Roebuck, the largest retailing organisation in the world, expects sales in the month of August to be in the range between 0.7 per cent lower and 1.7 per cent higher than last year, according to Mr. Jack Kincannon, executive vice-president. The company's monthly sales have been below last year's levels since last September.

Mr. Garland K. Ingraham, vice president of retail sales at Sears, said that the fourth quarter represents 23.6 per cent or more than $3bn of the company's retail sales goal for the year. He pointed out that this is a very modest increase over last year's fourth quarter.

Allstate Insurance, Sears' insurance subsidiary, has announced that its rate increases this year will probably be below the maximum 9 per cent allowed by the presidential guidelines. The company's consolidated rate increase to date this year is 5 per cent.

Reuter

EUROBONDS

U.S. prime rate increases hit straight dollar sector

BY FRANCIS GHILES

PRICES TUMBLED in the straight dollar sector of the Eurobond markets yesterday as three leading U.S. banks increased their prime rate by ¼ per cent to 12¼ per cent. The six-month Libor rate also rose, by 1/16 to 12⅛ per cent.

Straight dollar bond prices were marked down by up to a full point on the day in active professional dealing.

The floating rate note sector witnessed little activity and prices remained steady. The subscription for the Williams and Glyn's 12-year $75m FRN were closed by the lead manager, Crédit Commercial de France ahead of schedule yesterday because of very good demand.

Two Yankee bonds have been filed with the Securities and Exchange Commission in New York: they are a $200m offering for the European Investment Bank and a $300m offering for the Province of Ontario.

The EIB offering is split in two equal tranches: the first includes a maturity of eight years and is not redeemable until 1986, while the second tranche finally matures in 1999. The management group includes the traditional three joint lead managers who operate on a rotating basis: Lehman Brothers Kuhn Loeb, First Boston and Merrill Lynch Salomon Brothers joins Lazard Freres for the first time as co-lead manager.

The Ontario offering, through Salomon Brothers, finally matures in 2009.

The first foreign guilder bond for a domestic Dutch borrower was launched late on Monday following the relaxation by the Dutch authorities of the rules which, to date, have barred domestic borrowers from raising Euroguilder bonds. Holland's second largest insurance company, Amev, is arranging a Fl 75m seven-year issue with a coupon of 8¾ per cent through Pierson, Heldring en Pierson. This issue has been priced at par and allotments are expected next Friday.

Domestic Dutch borrowers will be allowed to tap the Euroguilder market so long as the maturity of the bonds they raise is at least seven years and their average life no less than six years.

The latest domestic guilder bond, for Netherlands Investment Bank, has already been oversubscribed.

It is for Fl 125m over 10 years, with a coupon of 9 per cent and a price of par. It was quoted in pre-market trading yesterday above par. In the foreign guilder market, prices were unchanged in thin trading.

In the Swiss franc sector, a SwFr 30m private placement of convertible bonds has been arranged for Nippon Sharyo Seizo Kaisha by Swiss Bank Corporation. Final terms include a maturity of five years and a coupon of 4¾ per cent.

A SwFr 150m 10-year public issue is being arranged by the same bank for the World Bank. This issue, which carries a coupon of 4⅜ per cent, has been priced at 100¼.

Some selling from abroad yesterday morning, failed to push down prices of foreign Deutsche-Mark bonds, which ended the day unchanged from their morning levels. The DM150m private placement in three equal tranches for the Republic of Austria through Bayerische Landesbank was signed yesterday. The five-year tranche carries a coupon of 6¾ per cent and has been priced at 99¼, the eight-year tranche carries a coupon of 7 per cent and has been priced at 99¼ also, while the third tranche carries a coupon of 7¼ per cent and has been priced at par. Selling reallowances are understood to be ½ per cent on the shorter tranche, ⅝ per cent on the eight-year tranche and 1 per cent on the 10-year portion.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 28

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	94	94½	−2⅛	−3⅛	10.97
Alex Howden XW 9½ 91	30	79	81	−0⅝	−2	12.87
Australian Res. 9¾ 84	30	96¾	97¼	−0½	−0⅜	10.43
Avco O/S Cap. 10¼ 87	40	93⅞	94⅛	−0⅞	−2	11.41
Beneficial Fin. 9¾ 87	100	96⅛	96⅝	−0⅝	−1⅛	10.44
CECA 10⅜ 91	150	95¾	96¼	−0⅜	−1⅜	11.37
CECA 9⅜ 99	125	†92⅛	92⅝	−1⅛	−1⅜	10.96
Canadian Pacific 9⅜ 89	50	95	95½	−2	−2½	10.54
Carter Hawley 9¾ 86	50	95⅜	95⅝	−0⅜	−1⅜	10.72
Comalco Inv. E. 10¼ 91	40	97⅝	98⅛	−0½	−1⅛	10.56
Continental Grp. 9⅜ 86	100	96½	97	−0⅜	−1	10.30
Dome Petroleum 10 94	50	93½	94	−0⅜	−1⅞	10.86
Dominion Bridge 10¼ 84	30	98⅝	99⅛	−0⅜	−0⅝	10.50
Dow Chem. O/S 9⅜ 94	200	96⅝	97⅛	−0⅛	−0⅝	10.03
EIB 9⅝ 86	150	98⅛	98⅝	−0⅛	−1⅛	10.22
EIB 9⅞ 99	100	98⅝	99⅛	−0⅜	−0⅜	10.26
EIB 9⅞ 87	150	99⅛	99⅝	−0½	−1⅛	10.24
EIB 10 99	150	99¼	99¾	−0½	−1⅛	10.31
Export Dv. Cpn. 9¾ 84	100	96	96½	−0⅛	−0⅛	10.30
Finland 9½ 86	100	96¼	96¾	−0⅛	−0⅞	10.23
Finland 9⅝ 89	100	97¼	97¾	−0⅜	−1⅛	10.28
GTE Finance 9½ 84	50	96⅛	96⅝	−0⅝	−0⅞	10.52
GTE Finance 9¾ 89	55	93¾	94¼	−0⅛	−1⅛	10.76
General Motors 9⅜ 86	100	95¾	96¼	−0½	−1⅛	10.08
Gould Int. Fin. 9⅜ 85	50	96¾	97¼	−0⅛	−0⅜	10.46
Hoechst Fin. XW 6⅜ 89	125	†78⅜	78⅞	−0⅛	−1⅞	10.30
Hudson Bay Co. 10 94	60	97	97½	−0⅛	−1⅜	10.38
ITT Antilles 9½ 89	75	94	94½	−1⅛	−1⅜	10.46
Kennecott Int. 9½ 86	100	93½	94	+0⅞	−0½	10.84
Manitoba 9½ 89	75	95⅝	96⅛	−0⅛	−0⅜	10.18
Nat. Dev. Telecm. 9½ 86	100	96¾	97¼	−0⅛	−0⅞	10.12
New Brunswick 9⅜ 94	75	95⅛	95⅝	+0⅞	−0½	10.36
Newfoundland 10 94	50	97¾	98¼	−0⅜	−0⅜	10.25
Norway 9⅜ 84	150	99¼	99¾	0	−0¼	10.13
Norway 9½ 84	150	97⅜	97⅞	−0⅜	−0½	10.13
Nova Scotia Pwr. 9⅜ 89	50	95⅝	96⅛	−0½	−1⅛	10.43
Occidental Fin. 10⅜ 84	50	97⅞	98⅜	−0⅛	−1⅛	10.75
Orient Leasing 9½ 86	25	94½	95	0	−0⅜	10.60
Pennwalt O/S F. 9⅜ 84	75	97⅛	97⅝	−0⅛	−0⅜	10.45
Pepsico Cap. 9¼ 84	100	97¼	97¾	+0⅛	−0½	9.93
Portland 10 84	50	97	97½	−0⅜	−0⅜	10.76
Quebec Hydro 10 99	75	94⅜	94⅞	−0⅜	−0⅜	10.68
Redland Fin. XW 9¼ 91	25	89	90	0	−1⅛	11.14
Sears Roebuck 9 82	150	96¾	97¼	−0⅛	−0⅞	10.39
Statoil 9⅜ 89	100	96⅛	96⅝	−0¼	−0⅜	10.22
Stockholm 9½ 94	60	98½	99	−0⅛	−0⅜	10.16
Sweden 9⅜ 89	100	97⅛	97⅝	−0⅜	−0⅞	10.15
Sweden 9½ 86	200	98	98½	−0⅛	−0⅜	10.10
Sweden 9⅜ 84	100	97⅞	98⅜	−0⅜	−0⅜	10.25
Unilever NV 9½ 87	100	94¼	94¾	−1⅛	−1⅛	10.29
Warner-Lambert 9 84	100	95¼	95¾	−0⅜	−0⅜	10.07

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 7½ 89	150	95	95½	−0⅜	−0⅜	8.22
Asian Dev. Bk. 7¾ 89	100	98⅜	98¾	−0⅛	−0⅜	7.47
Banco Desarrollo 7¼ 86	100	†94¼	95	−0⅛	−0⅛	8.34
Barclays O'seas 6¾ 89	100	98½	99⅛	0	−0⅛	6.91
Brazil 7¼ 87	150	97	97¾	0	−0¼	7.72
Brazil 8 87	150	99⅞	100⅜	−0⅛	−0⅛	7.97
CECA 7 91	150	98⅜	98¾	−0⅛	−0⅛	7.19
Council of Eur. 7¼ 89	100	98⅞	99⅜	−0⅜	−0⅜	7.35
Denmark 5¾ 85	100	94½	95	−0⅛	−0⅛	6.93
Denmark 6½ 89	100	94½	95	−0⅛	+0⅛	7.28
EIB 6½ 91	200	94¼	94¾	0	−0⅜	7.24
EIB 7½ 89	200	100½	101¼	+0⅛	−0½	7.36
Eletrobras-Brazil 7 87	100	94⅞	95⅛	+0¼	0	7.88
Eurofima 6¼ 89	100	98⅜	99⅛	−0¼	−0¼	6.68
Finland 6 83	150	97⅞	98⅜	−0⅜	−0¼	6.47
Mitsubishi Chem. 6½ 84	70	99⅞	100⅜	−0½	−0⅞	6.43
New Zealand 6¾ 87	200	96⅝	97⅛	+0⅜	−0½	6.77
Nippon Kokan 6½ 84	100	98½	99¼	−0⅛	−0⅛	6.78
Nippon Tel. & T. 5¾ 87	100	93⅛	93⅝	0	−0⅛	6.65
Nordic Inv. Bk. 6¾ 86	80	95⅜	96½	−0⅜	0	7.02
Norges Komm. 7¾ 91	150	103⅛	103⅝	+0⅛	0	7.37
Norway 6¼ 84	200	99⅝	100⅛	−0⅛	−0⅛	6.24
Occidental 6¾ 90	150	93¾	94¼	−0½	−0½	7.55
OKB 6¼ 88	100	96⅝	97⅛	−0½	−1	6.96
OKB 6 87	40	94	94½	−0⅛	−0⅛	6.99
Tokyo Elec. Pwr. 6½ 85	200	98½	99	+0⅛	0	6.76
World Bank 6¾ 88	400	92⅞	93⅜	0	−0½	7.29
World Bank 7¾ 91	400	101	101½	−0⅛	−0⅛	7.58

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	101⅛	101⅝	+0⅛	+0⅛	5.32
Asian Dev. Bank 3½ 94	100	85	85¼	0	+0⅛	4.96
Aumar 5 89	60	101⅜	101⅝	−0⅛	−0⅛	4.80
Austria 3½ 93	100	89¾	90	−1⅛	−0⅜	4.47
Australia 3⅜ 89	250	95½	95¾	+0⅛	−0⅛	4.19
Bergen, City of 4⅜ 91	40	94⅞	95⅜	−0⅜	−0⅜	4.93
BNDE 5 89	75	95⅜	95⅞	+0⅛	+0⅜	5.57
Brazil 4¼ 88	100	94⅞	95⅜	+0⅛	+0½	4.93
Caisse Nat. Tele. 4¼ 89	100	100⅛	100¼	—	—	4.30
Canada 3⅜ 89	300	96⅛	96½	−0⅜	−0⅛	4.09
Council of Eur. 4¼ 90	100	99⅞	100⅛	0	−0⅛	4.75
EIB 4½ 91	100	101⅜	101⅝	+0⅜	+1⅛	4.33
EIB 4⅜ 94	100	99	99¾	—	—	4.55
Elet. de France 4½ 89	100	101⅜	101⅝	−0⅛	+0⅞	4.19
Heron 4¼ 89	35	95½	95¼	0	−0⅛	4.83
ICI Fin. NV 3½ 94	230	†89	89½	−0⅛	0	4.52
Int.-Amer. Dev. 4½ 89	100	100¼	100½	—	—	4.45
New Zealand 3½ 94	120	89	89¼	−1	−0⅜	4.54
Nordic Bank 5 89	45	†103½	104	+0⅛	−0⅛	4.51
OKB 3¾ 91	100	91⅛	91⅝	−0⅜	0	4.72
Pfand Ost. Lande 4 90	80	94⅞	95⅛	−0⅜	0	4.60
Philippines 4⅜ 89	50	97½	97¾	−0⅛	+0½	5.07
Shikoku El. Pwr. 4¼ 89	100	102⅛	102⅜	—	—	4.47
Spain 4 91	100	87⅞	94¼	−0⅜	+0⅛	4.88
Stevens 4⅜ 91	60	103	103¼	0	+0⅛	4.41
Voest-Alpine 4⅜ 89	90	101½	101⅝	−1⅞	−1⅛	4.54
World Bank 4⅜ 89	100	103⅜	103⅞	−0⅛	+0⅛	4.16

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	94⅜	95⅜	−0⅛	0	7.13
Australia 6½ 88	20	90⅝	91⅜	0	+0⅛	8.02
EIB 7⅛ 89	12	98⅛	98⅝	0	0	7.37
Finland 6.6 83	10	92⅞	93⅞	+0⅛	0	7.95
Finland 6.8 88	10	90⅛	91⅛	+0⅛	−0⅛	8.39

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	96½	97¼	+0⅛	0	9.78
Avco Fin. 10⅜ 86 C$	25	94¼	94¾	0	−1⅛	11.44
Ex. Dev. Cpn. 10 84 C$	50	96¾	97¼	−0½	−1⅛	10.82
Fgt. Cpn. Inv. 10 84 C$	50	95½	96	−0⅜	−1⅛	11.18
Hudson Bay 10½ 89 C$	60	97⅜	98⅛	−0⅛	−0⅞	10.84
Quebec 10¼ 86 C$	50	95⅞	96⅞	−0⅛	−0⅛	11.08
R. Bk. Canada 10 88 C$	40	97⅝	98	−0⅛	−1⅛	10.45
R. Bk. Canada 10 94 C$	40	93¼	93¾	−0⅛	−1⅛	10.91
Copenhagen 8¾ 91 EUA	25	97⅛	98⅛	−0⅛	−0⅛	8.59
Komm. Inst. 7½ 93 EUA	15	93⅜	94⅞	0	0	8.20
SDR France 8½ 94 EUA	24	99	99¾	−0⅛	+0⅛	8.57
SOFTE 8¼ 89 EUA	40	94½	95	0	0	8.97
Algemene Bk. 6¾ 83 Fl	75	92½	93	−0⅛	−0⅛	8.60
CFE Mexico 7¼ 83 Fl	75	96½	97	−0⅛	−0⅛	8.76
EIB 7¾ 85 Fl	75	93	93½	−0⅛	−0⅛	8.72
Ned. Middbk. 8¼ 84 Fl	75	100	100½	−0½	−0⅞	8.16
New Zealand 6¾ 84 Fl	75	93	93½	−0½	−0⅜	8.50
Norway 8¼ 84 Fl	100	99⅛	99⅞	−0⅛	−0⅜	8.33
Elf Aquitaine 9¾ 88 FFr	150	90	91	−0⅛	−1	11.45
Euratom 9¾ 87 FFr	150	91⅛	92⅛	−0⅛	−0⅜	11.39
Norway 9¼ 84 FFr	200	93½	94½	0	−0⅜	10.98
PSA Peugeot 9⅜ 87 FFr	175	90¾	91¾	−0⅛	−0⅛	11.54
Renault 9¾ 85 FFr	100	92½	93½	0	−0⅜	11.44
Saint-Gobain 9¼ 86 FFr	130	91¼	92¼	0	−0⅜	11.56
Solvay et Cie 9¾ 87 FFr	125	91	92	0	−0⅜	11.46
Total Oil 9⅞ 87 FFr	150	88⅝	89⅝	0	−0⅜	11.56
Citicorp 10 93 £	20	90⅛	91⅛	+0⅛	−0⅛	11.35
EIB 9¾ 88 £	25	92¼	93	+1⅛	+1⅛	11.11
EIB 11½ 91 £	25	97¾	98¼	+1½	+1⅜	11.81
Finance for Ind. 13 91 £	15	102⅝	103⅛	+0⅛	−0⅛	12.46
Fin. for Ind. 12½ 89 £	30	101⅛	101⅝	+0⅜	+0⅛	12.24
Gen. Elec. Co. 12⅜ 89 £	50	101⅜	101⅞	−0⅛	+0⅛	12.17
Indonesia 8¾ 91 KD	7	†97¼	98¼	0	0	9.03
Mitsubishi 7½ 84 KD	10	†97½	98	0	0	8.07
Norges Kom. 7½ 89 KD	12	†96½	97	0	0	7.98
Occidental 8¾ 91 KD	7	†97⅞	98⅛	0	+0⅛	8.50
Euratom 8 87 LuxFr	500	96⅜	97½	0	+0⅛	8.56
Norges Kom. 8 88 LuxFr	500	95¾	96⅛	+0⅜	+0⅛	8.70
Oslo, City of 8 89 LuxFr	500	97¼	98⅛	−0⅛	−0⅛	8.34
Solvay Fin. 8 85 LuxFr	500	96⅝	97⅛	0	+0⅛	8.61

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. 5½ 89	0⅜	98⅛	98⅝	11/1	11	11.18
BNDE 6 89	0⅝	98½	98⅝	21/9	11⅛	11.54
Banco di Roma Int. 6 87	0⅜	98⅝	98⅞	26/10	11.19	11.34
Bco. Nac. Argent. 7 86	0¾	97½	97⅞	22/9	11½	11.78
Banco Prov. BA 7¼ 86	0¼	98½	98⅝	12/6	11	11.18
Banco Urquijo 6 86	0⅜	97⅝	98⅛	21/9	11½	11.72
Bank of Tokyo 5½ 93	0⅜	98⅝	99⅛	13/10	11⅜	11.88
Bq. Ext. d'Alg. 7½ 85	0⅞	95	96	2/11	11⅝	12.43
Bque. Indo Suez 5¾ 89	0⅜	98⅜	98⅞	11/1	11	11.17
Banque Sudameris 6 87	0⅜	96¾	97¼	11/1	11½	11.47
BNP 5½ 91	0⅜	98⅝	99⅛	22/2	11.94	12.06
Citicorp O/S Fin. 6 94	†0⅛	99⅝	100	8/9	10.69	10.71
Citicorp O/S 93	†0	99½	100	23/2	—	—
Creditanstalt 5½ 91	†0⅜	98½	99	14/9	10⅞	11.01
GZB 5½ 89	†0¼	98⅝	98⅞	1/11	11.44	11.60
Gotabanken 6 88	0⅜	98⅝	99	15/5	11⅛	11.65
Ind. Bk. Japan 5½ 85	0⅜	99	99½	1/12	10.94	11.01
Jugobanka 8 88	0⅜	98	98⅜	23/11	11⅞	12.32
LTCB Japan 5¾ 85	0⅜	99⅜	99⅞	9/10	11⅝	11.67
LTCB Japan 5½ 89	0⅜	98⅝	99⅛	7/12	11⅛	11.25
Mfrs. Han. O/S 5¾ 94	†0⅜	99⅝	99⅞	29/8	11.19	11.24
Nacional Fin. 6⅝ 86	0⅜	97⅞	98⅜	25/1	11½	11.72
Nat. West. 5¾ 94	0⅜	98	98½	11/10	11	11.20
Nippon Credit Bk. 5½ 85	0⅜	98¾	99¼	22/12	10.94	11.05
Nippon Credit Bk. 6½ 86	0⅜	97¾	98¼	12/1	10⅞	11.11
Petro Mexicano 7 84	0⅞	98⅞	99⅜	24/1	11.44	11.56
Privredna Banka 8 86	0⅞	95¼	96	20/12	11.56	12.11
Royal Bank Scot. 5¾ 94	†0⅛	98⅝	99⅛	11/10	11	11.13
Socenal 5¾ 89	0⅜	97¾	98¼	11/1	10.94	11.15
Texas Int. Airways 7 86	†0⅜	96½	97	11/10	11.56	11.95
Trade Dv. Fin. Srv. 6 86	0⅜	97⅜	98⅛	21/2	—	—
TVO Pwr. 9 91 (D-lock)	0⅜	97¾	98¼	24/11	11⅝	11.35
Utd. Overseas Bk. 6 89	†0⅛	97⅝	98	29/9	11.14	11.39
Bq. E. d'Alg. 4⅞ 89 SF	0⅛	97⅛	97⅝	18/12	4⅞	4.37

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅜ 89	10/79	145	94¾	95¼	0	−5.13
Ciba-Geigy O/S F. 4 94	9/79	675	96¼	97	−0⅜	3.94
Credit Suisse 4¼ 93	10/78	1325	108	109¼	−0⅛	3.79
Esselte 7½ 89	9/79	159	97⅛	98⅛	−0½	−0.45
Honda Motor 5½ 89	5/79	532	96½	97½	−1	−2.89
LPC International 8 89	9/79	35	100⅛	101⅛	−0½	22.71
Nitto Elec. Ind. 6 94	7/79	735	87	88	+0⅛	4.86
Union Bank Switz. 5 89	2/80	1250	107⅛	108⅛	−0⅞	−31.73
Fujitsu 5 84 DM	7/79	475	102⅛	103½	−0⅛	17.15
Kansai Elec. 4 84 DM	4/79	1350	89	90	0	62.53
Marudai Food 3½ DM	2/79	1033	82¼	83¼	−0⅛	48.48
Nippon Ysn. 3½ 85 DM	1/79	251	107⅝	108⅝	+3	1.20
Sharp Cos. 3½ 88 DM	2/78	487	82⅛	83⅛	+0⅛	9.83
Tokyo Elec. 3½ 87 DM	4/79	478	94⅛	95⅛	−0⅛	47.43
Tokyu Ld. Co. 4 86 DM	4/79	492	88⅛	89⅛	+5	38.23

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Andresens Bank sued by property group

By Fay Gjester in Oslo

NDRESENS BANK, a Norwegian commercial bank which currently in merger negotiaons with a larger Norwegian ank, is being sued for Kr 85.5m ($17m) by an Oslo roperty group which is one of s largest single customers. here is speculation in Oslo at the law suit could affect e price which the larger bank —Christiania Bank og Kreditasse—will be prepared to pay r Andresens' shares.

The property group—Eiendomsinstituttet A/S and Associated companies, controlled by slo lawyer Mr. Torgny anisch — has been a big rower from Andresens for ver a decade. It has recently ced liquidity problems in onnection with one of its major uilding projects—a combined arehouse and office complex.

Mr. Hanisch alleges that the ank owes him NKr 31.5m for lanning costs incurred on proects involving six major groups f properties, and that the bank rongly holds mortgages worth Kr 24m, on some of the roup's properties, as security n some of its loans to the roup. Another part of his laim concerns NKr 20m of interest charged by Andresens n some loans. Mr. Hanisch ants this repaid on the rounds that the bank promised roll up this interest until the roject involved had been completed.

The bank says it completely ejects Mr. Hanisch's assertions which it claims are erroneous nd/or without foundation. It vill present its reply to the ourt "some time next week, at he earliest."

Christiania Bank's managing irector, Mr. Tor Moursund, aid Mr. Hanisch's law suit vould not affect the timetable f its merger negotiations with Andresens, which were continung. He would not say whether Andresens' problems with the roperty group would complicate the talks.

Van Ommeren jumps back into profit

By Our Financial Staff

DUTCH SHIPPING and storage company, Van Ommeren, has made a strong recovery in the first half of 1979 to record a consolidated net profit of Fl 18.1m (U.S.$9m) against a oss of Fl 16.7m in the comparable period last year.

The gross income was Fl 65.9m compared with Fl 18.2m a year ago and Fl 55.8m for the whole of 1978. The latest interim income gure includes a Fl 21.5m contribution from the shipping perations against Fl 3.8m a ear ago and Fl 20m from tank torage activities compared ith Fl 1.1m at the halfway ark last year.

The agency and transport ivision made a satisfactory ontribution to results according to the company while ading and insurance activities showed modest results while eveloping favourably."

Van Ommeren said it has ened a new operation in witzerland and plans to follow is soon with activities in Hong ong and Mexico. It also plans split its Fl 100 nominal ares into Fl 10 units to help ading on the bourse.

The company has decided to y an interim dividend of 6 for each Fl 100 share on ptember 14. It last paid a 8 total dividend for 1978.

Buoyant foreign sales lift first-half results at Bayer

BY JONATHAN CARR IN BONN

BAYER, the big West German chemical concern, has followed its two main domestic rivals BASF and Hoechst in announcing a sharp increase in profits and sales for the first half of 1979.

Group pre-tax profit rose by 45.7 per cent to DM 810m ($443m) compared with the first half of 1978, on sales up by 13.4 per cent to DM 13.3bn. Parent company pre-tax profit rose by 25 per cent to DM 475m on sales up by 13.5 per cent to DM 5.9bn.

Bayer notes that it could not wholly pass on the sharp increases in its raw materials and energy costs. But it has substantially increased volume sales, thus bringing better use of production capacity and an improvement in profitability.

The breakdown of parent company turnover shows foreign sales markedly more buoyant than home sales with the former rising by 18.7 per cent to DM 3.6bn and the latter by 6.1 per cent to DM 2.3bn. Exports now account for 61.5 per cent of sales against 58.8 per cent for the same period of last year.

The marked sales success abroad was also present last year even though currency movements tended to mask the trend. Bayer's 18 largest foreign operations then achieved a combined sales increase of 21 per cent in local currency terms, although world sales in Deutsche mark terms were up only 1.4 per cent, excluding the results of Miles Laboratories, of U.S., consolidated in 1978 for the first time.

The Bayer figures compare with a first half increase in group pre-tax profit at Hoechst of 42.7 per cent to DM 785m on sales up by 7.5 per cent to DM 13bn, and at the BASF group of 58 per cent to DM 847m on sales rising by 18.2 per cent to DM 12.6bn.

Similar factors were at work in each case to account for the improvement. These included the strength of the economic upswing in West Germany and in some key European countries in particular, and a trend to increased stockpiling by customers fearing bottlenecks and further price rises. It is conceivable that de-stocking might bring some levelling off in demand later this year, but an overall satisfactory result against 1978 already seems likely.

Toa Kyoseki debt plan agreed

BY RICHARD C. HANSON IN TOKYO

THE MAJOR shareholders of Toa Kyoseki, a financially troubled oil refiner, have agreed on a basic formula for transferring management rights and majority ownership to Nippon Mining Company, clearing the way for the disposal of Toa Kyoseki's debts which total more than Y50bn ($228m).

The agreement also allows talks to begin on the future of Toa Oil Company, which owns 49.17 per cent of Toa Kyoseki, and has been hit by debts of its own. It is suggested that Toa Oil will eventually be taken over by Showa Oil, a half-owned subsidiary of the Royal Dutch Shell group.

The first step agreed on by C. Itoh and Co. (which owns 38.85 per cent of Toa Oil and together with Toa a 64.17 per cent share of Toa Kyoseki), with Toa Oil and Nippon Mining will mean a 100 per cent cut in Toa Kyoseki's Y12bn capital followed by a transfer of shares to Nippon Mining. Nippon Mining is the largest shareholder in Kyodo Oil, a joint marketing company which was a cofounder of Toa Kyoseki in 1973 along with C. Itoh.

The next step will be an increase in capital for Toa Kyoseki at a yet to be decided date with the new capital owned more than 50 per cent by Nippon Mining.

The shareholders are working out a rather complicated formula for settling the debt problem. At the time Kyoseki's management is transferred to Nippon Mining they have agreed to evaluate its tangible assets such as manufacturing facilities at Y50bn.

This is about Y10bn more than the actual book value and Toa Kyoseki will carry forward the resulting loss when it is transferred. This Y10bn can then be used along with the Y12bn in capital to reduce the overall amount of debt which the shareholders will have to dispose of through write-offs or other means. A simple calculation puts this figure at Y28bn, but there has been no decision yet as to how it will be distributed.

While Toa Kyoseki is being transferred it will acquire as an asset a Y26.5bn oil refinery site from Toa Oil which it presently rents. Toa Oil will also give over a share of its oil refining and sales business to Kyoseki.

Strong recovery by Arabian Oil

BY OUR TOKYO CORRESPONDENT

ARABIAN OIL, a Japanese producer owning concessions in the Middle East, has reported a steep increase in net profits and sales as a result of the increase in oil prices in the half year to end June.

Net profit jumped from Y161m to Y2.4bn ($10.9m) while sales, benefiting from a 35 per cent price increase during the period, more than doubled to Y236.5bn from Y117.7bn a year earlier. Production advanced by 75 per cent to 11.69m kilolitres from 6.68m as the situation in Iran deteriorated.

Arabian Oil, which is owned in part by Saudi Arabia and Kuwait where it has oil concessions, had suffered losses as the yen appreciated against the dollar, cutting into its revenue from importing oil into Japan. The dollar's recovery above the 200 yen level this year has also aided the recovery.

The favourable performance is expected to continue during the latter half of the year, bringing sales up to about Y500bn from Y294bn last year, while net profit rises to Y5bn from Y1.3bn..

It is expected that the dividend will be doubled to Y60 per share from Y30 last year.

Arabian Oil said it may have to cut its crude oil supply to Japanese and overseas customers to a considerable extent in the fourth quarter this year, Reuter adds from Tokyo.

This would follow the acceptance of a notice from the Kuwaiti Government to offer for direct deal sales the oil it can obtain from its participation in Arabian Oil's operations for the quarter beginning this October.

Arabian Oil is now allowed to buy back participation oil from Kuwait totalling 120,000 barrels per day, or about 30 per cent of its total output in the neutral zone between Kuwait and Saudi Arabia.

However, the Kuwait action may result in a drastic cutback in the participation oil purchased from this October and affect Arabian Oil's exports to users in Brazil and South Korea.

Arabian Oil said it is producing about 400,000 barrels per day of crude oil from areas off Kuwait and Saudi Arabia on concession contracts with the two governments which started about 20 years ago.

Malaysian groups to make rights issues

BY OUR FINANCIAL STAFF

TWO MALAYSIAN companies, East Asiatic Company (Malaysia) and Kulim Malaysia, plan to raise 51.75m ringgitts (U.S.$24.1m) through rights issues.

East Asiatic is seeking 33.75m ringgit through a one-for-four rights issue and plans to use the funds to buy 4.5m shares of Carlsberg Brewery Malaysia —roughly 25 per cent of the capital.

In a statement, East Asiatic said it had agreed to pay 4.70 ringgit a share for the shares currently held by its Copenhagen based parent, East Asiatic Company. The Malaysian company will also buy 2.8m shares in Viking Askim —35 per cent of the issued capital—from the Copenhagen company.

Total cost of the purchases will be 25.07m ringgit and the balance of funds raised will be used to reduce borrowings and facilitate further expansion.

East Asiatic Copenhagen, which has a 65 per cent interest in the Malaysian subsidiary will take its entitlement by subscribing 21.94m ringgit.

Kulim Malaysia is issuing one new share for every five held to raise nearly 18m ringgit. The funds will enable the group to reduce its loans and will add to working capital needed for its development plans, writes Wong Sulong from Kuala Lumpur.

The rights issue is to be made at 1.3 ringgit per share, compared with Kulim's share price of 2.08 ringgit at yesterday's close on the Kuala Lumpur Exchange.

In the same announcement, directors said the group's pretax profits for 1979 is expected to be around 15.5m ringgit compared with 7.6m in 1978. Like other plantation companies, Kulim's anticipated results are based on higher output and favourable commodity prices.

Directors expect gross dividends of not less than 24 per cent for this year on the increased capital against 23 per cent last year.

At the end of 1978, Kulim had outstanding loans and bank overdrafts amounting to over 36m ringgit, equivalent to 31 per cent of shareholders funds. Among the major development plans on which it is embarking is the building of a township at Ulu Tiram in Johore State, and expansion of its palm oil refinery.

Svenska Flaekt expects very bright second half

BY VICTOR KAYFETZ IN STOCKHOLM

SVENSKA FLAEKT, the Swedish industrial ventilation and pollution control group, still expects 1979 pre-tax earnings to top last year's SKr 78.2m (US$18.6m) despite a first-half figure of a mere SKr 1.9m compared with SKr 32.8m for January-June last year.

Invoiced sales in the first half totalled SKr 1.4bn, only marginally above the SKr 1.34bn for the period in 1978. Flaekt nonetheless predicts considerably higher invoicing and better capacity utilisation during the second half. Group sales last year were SKr 3.14bn, of which 79 per cent were to markets outside Sweden.

"During an economic recovery, the capital goods sold by Flaekt are installed at a relatively late stage, so that it is often a long time from reception of an order until it is invoiced," the company said. Though first-half orders at SKr 1.88bn were only slightly above the corresponding figure for last year, the group's order backlog during 1978 and the first six months of 1979 has grown by about SKr 750m to SKr 3.74bn.

"It is only during the second half of 1979 that this build-up in order backlog will have a major impact on invoicing and on earnings," Flaekt stated.

The industrial group, which last year accounted for nearly three-quarters of Flaekt's consolidated operating earnings of SKr 57.6m, went through a noticeable downturn in profitability during the 12 months ended in June but it "now seems to have passed, with recovery during the second half of 1979 and prospects for improved earnings in 1980."

In early July Flaekt acquired the remaining 30 per cent of Gadelius Trading Company to become sole owner. Gadelius, with its main operations in the Far East, is expected to show earnings roughly in line with last year's SKr 12m.

Court to hear Bank of Adelaide application

By James Forth in Sydney

THE PROPOSED merger of the ANZ banking group with the smaller and ailing Bank of Adelaide moved a step closer following a ruling on Monday by the full bench of the Supreme Court of South Australia. Two of the three judges ruled that they have the authority to hear and grant application for a meeting of Bank of Adelaide shareholders to consider the merger.

Earlier this month, Mr. Justice Zelling of the Supreme Court ruled that he had no jurisdiction because the proposed merger scheme was in effect a takeover and needed to comply with the take-over provisions of the Companies Act. The senior judge, Mr. Justice Wells said that he and Judge Legoe considered the court had jurisdiction to "entertain the application," but the third judge, Mr. Justice White, was not satisfied that it had. The matter was adjourned to a date to be fixed and a further sitting will now have to be held to consider the application.

* * *

THE RECENT removal of tax benefits, industrial disruptions and expansion costs, have combined to inflict the first profit setback in eight years for the major retail group, Woolworths. Despite a 16 per cent lift in sales to A$925m (U.S.$1.04bn), earnings fell by 15.2 per cent to A$11m (U.S.$12.4m) in the half year to August 1.

Profit was severely affected by a four week strike by storemen and packers and the cost of opening a number of Big W discount stores (nine stores have been open less than a year) pushed Big W into losses. The directors are confident of the long term benefits of discount store trading and said that pretax profit would have risen 14 per cent if these development costs had been excluded.

In the last full year to January 31 Woolworths pushed earnings up 18 per cent to A$34.2m, to make the eighth consecutive record. Despite the downturn, the interim dividend is held at 3.5 cents a share.

Tax hits Metro Holdings

By Georgie Lee in Singapore

METRO HOLDINGS, the major Singapore department store operators, has reported a 6.6 per cent decline in group post-tax profit of S$4.13m (U.S.$1.9m) for the year ended March 1979.

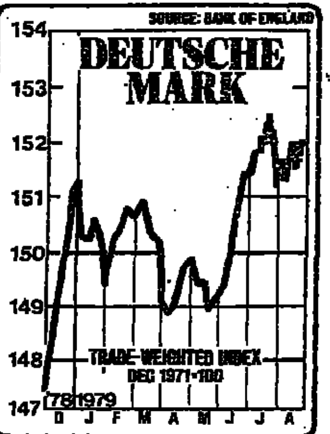
Profit at the pre-tax level was about 7 per cent higher at S$7.77m but the tax provision rose by 28 per cent to S$3.65m.

Companies and Markets

CURRENCIES, MONEY and GOLD

Sterling firm, dollar quiet

Sterling improved in otherwise quiet foreign exchange trading yesterday. The pound continued its advance on Monday when the London market was closed, and touched a best level of $2.2525-2.2535 in the afternoon. It opened at $2.2405-2.2415, the lowest level of the day, and closed at $2.2490-2.2500, a rise of 1.60 cents from Friday, but an improvement of only ¼ cent from Monday's finish in New York.



Sterling's trade-weighted index, as calculated by the Bank of England, rose to 71.9 from 71.2 on Friday, after standing at 71.7 at noon and 71.6 in early trading.

The dollar's index, on Bank of England figures, rose to 84.9 from 84.7 on Friday.

The U.S. currency traded very quietly ahead of the U.S. trade figures for July, showing little movement against all the major currencies. It closed at DM 1.8290 against the D-mark, compared with DM 1.8280 on Friday, and DM 1.8285 on Monday in New York. Movements against the Swiss franc were also limited to a narrow range, with the dollar closing at SwFr 1.6585, compared with SwFr 1.6545 on Friday, and SwFr 1.695 previously in New York. The dollar closed at Y220.50 in terms of the Japanese yen, compared with Y219.25 on Friday, and New York's Monday level of Y220.85.

NEW YORK — The dollar traded quietly ahead of the U.S. trade figures.

FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM 1.8305 against the D-mark, compared with DM 1.8307 previously. Trading was exceptionally quiet. The U.S. trade figures for July were not expected to contain any surprises, and were announced too late to affect European trading. The U.S. currency moved within a very narrow range of DM 1.8300 to DM 1.8310 before the fixing. Sterling was again more active, showing wider movements than other major currencies.

MILAN — The dollar was quoted at L817.95 against the lira in late trading, unchanged from the fixing. Sterling improved to L1,837.45 from L1,831.20, but the lira was firmer against members of the European Monetary System.

TOKYO—An estimated $150m to $200m was sold by the Bank of Japan to support the Japanese yen as it continued to decline against the U.S. dollar yesterday. This followed sales of about $100m to $150m by the Japanese authorities on Monday.

THE POUND SPOT AND FORWARD

Aug. 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2405-2.2535	2.2490-2.2500	0.33-0.23c pm	1.49	0.90-0.80 pm	[illegible]
Canada	2.6145-2.6325	2.6270-2.6280	0.55-0.45c pm	2.28	1.20-1.10 pm	[illegible]
Nethlnd.	4.49½-4.53½	4.50½-4.51½	2¼-1¼c pm	4.22	5½-4½ pm	[illegible]
Belgium	65.65-66.20	65.95-66.05	15-5c pm	1.81	40-30 pm	2.12
Denmark	11.81-11.88	11.85½-11.86½	½ore pm-1½ dis	-0.51	3-5 dis	[illegible]
Ireland	1.0920-1.0965	1.0943-1.0953	27-37p dis	-3.51	90-100 dis	-3.48
W. Ger.	4.10-4.13½	4.11½-4.12½	2½-1½pf pm	6.55	7¼-6¼ pm	[illegible]
Portugal	110.35-111.10	110.75-111.00	30-80c dis	-5.95	135-235 dis	[illegible]
Spain	148.05-148.80	148.55-148.65	225-275c dis	-20.19	595-695dis	[illegible]
Italy	1832-1842	1839½-1840½	1½lire pm-½lira dis	0.33	4½-6½ dis	[illegible]
Norway	11.28-11.36	11.34-11.35	3-1ore pm	2.16	7½-6½ pm	[illegible]
France	9.57-9.62	9.59½-9.60½	1½-½c pm	1.56	3-2 pm	1.04
Sweden	9.46½-9.52½	9.50½-9.51½	2ore pm-par	1.26	3½-1½ pm	[illegible]
Japan	492-498	495½-496½	3.10-2.80y pm	7.14	8.70-8.40 pm	[illegible]
Austria	30.00-30.18	30.10-30.15	25-15gro pm	7.97	55-45 pm	[illegible]
Switz.	3.71½-3.74½	3.72½-3.73½	4-3c pm	11.24	11½-10½ pm	[illegible]

THE DOLLAR SPOT AND FORWARD

Aug. 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2405-2.2535	2.2490-2.2500	0.33-0.23c pm	1.45	0.90-0.80 pm	[illegible]
Ireland†	2.0540-2.0600	2.0580-2.0600	1.0-0.70c pm	4.86	2.80-2.50 pm	[illegible]
Canada	1.1670-1.1673	1.1670-1.1673	0.03-0.05c dis	-0.41	0.02-0.05 dis	-0.12
Nethlnd.	2.0045-2.0080	2.0045-2.0055	0.58-0.48c pm	3.17	1.50-1.40 pm	2.89
Belgium	29.325-29.345	29.325-29.34	2.0-0.5c pm	0.51	4-2 pm	0.41
Denmark	5.2720-5.2770	5.2720-5.2735	0.90-1.40ore dis	-2.62	3.20-4.30dis	[illegible]
W. Ger.	1.8288-1.8310	1.8288-1.8298	0.83-0.73pf pm	5.12	2.38-2.28 pm	5.08
Portugal	49.20-49.29	49.20-49.25	25-35c dis	-7.31	75-115 dis	-7.72
Spain	66.07-66.11	66.08-66.11	95-115c dis	-19.06	295-320dis	-18.61
Italy	817.80-818.10	817.80-818.00	0.80-1.0lire dis	-1.17	5.0-5.75 dis	-2.63
Norway	5.0385-5.0440	5.0429-5.0430	0.60-0.10ore pm	0.83	1.10-0.60 pm	0.67
France	5.2670-4.2725	4.2070-4.2085	0.16-0.11c pm	0.38	0.20-0.30dis	-0.23
Sweden	4.2240-4.2290	4.2240-4.2250	0.30-0.10ore pm	0.57	0.5-0.25 pm	0.35
Japan	220.30-220.80	220.30-220.50	1.05-0.90y pm	5.30	2.95-2.80 pm	5.22
Austria	13.385-13.391	13.386-13.391	6.60-6.10gro pm	[illegible]	18.25-15.75pm	5.23
Switz.	1.6582-1.6594	1.6585-1.6592	1.46-1.41c pm	10.38	4.35-4.30 pm	10.43

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 28	Bank of England Index	Morgan Guaranty changes %
Sterling	71.9	-33.5
U.S. dollar	84.9	-8.6
Canadian dollar	80.7	-17.1
Austrian schilling	148.2	+19.5
Belgian franc	114.0	+15.5
Danish kroner	115.7	+2.4
Deutsche mark	152.0	+42.5
Swiss franc	197.3	+80.9
Guilder	123.8	+18.8
French franc	98.8	-7.6
Lira	55.5	-48.6
Yen	139.6	+28.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

August 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.584026	[illegible]
U.S. $	10¼	1.29929	[illegible]
Canadian $	11¼	1.51627	[illegible]
Austria Sch.	3¾	17.3589	[illegible]
Belgian F.	9	38.0854	[illegible]
Danish K	9	6.84726	[illegible]
D Mark	5	2.37552	[illegible]
Guilder	8	2.60705	[illegible]
French Fr.	9½	5.53627	[illegible]
Lira	10½	1061.52	[illegible]
Yen	5¼	284.415	[illegible]
Nrwgn. K.	7	6.53996	[illegible]
Spanish Pes.	8	85.761	[illegible]
Swedish Kr.	7	5.48755	[illegible]
Swiss Fr.	1	2.15020	[illegible]

OTHER MARKETS

August 28	£	$		Note Rates
Argentina Peso	3178-3190	1410-1420	Austria	[illegible]
Australia Dollar	1.9950-1.9990	0.8870-0.8890	Belgium	[illegible]
Brazil Cruzeiro	61.83-62.83	27.50-27.95	Denmark	[illegible]
Finland Markka	8.64-8.65	3.8410-3.8450	France	[illegible]
Greek Drachma	81.552-83.504	36.25-37.10	Germany	[illegible]
Hong Kong Dollar	11.43-11.45	5.0830-5.0840	Italy	1,800-1,850
Iran Rial	158-163	70-74	Japan	[illegible]
Kuwait Dinar (KD)	0.615-0.625	0.2764-0.2765	Netherlands	[illegible]
Luxembourg Frc.	65.95-66.05	29.32-29.34	Norway	[illegible]
Malaysia Dollar	4.8570-4.8680	2.1585-2.1595	Portugal	[illegible]
New Zealand Dlr.	2.2185-2.2245	0.9860-0.9890	Spain	[illegible]
Saudi Arab. Riyal	7.49-7.59	3.3610-3.3620	Switzerland	[illegible]
Singapore Dollar	4.8500-4.8610	2.1570-2.1580	United States	[illegible]
Sth. African Rand	1.8740-1.8840	0.8330-0.8375	Yugoslavia	[illegible]

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.5460	+2.76	+1.39	±1.53
Danish Krone	7.08592	7.29096	+2.89	+1.53	±1.635
German D-Mark	2.51064	2.53007	+0.77	−0.59	±1.1325
French Franc	5.79831	5.90326	+1.81	+0.45	±1.35
Dutch Guilder	2.72077	2.77678	+2.06	+0.69	±1.5075
Irish Punt	0.662638	0.672426	+1.48	+0.11	±1.665
Italian Lira	1148.15	1130.62	−1.53	−1.53	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

August 28	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.250	4.118	496.0	9.600	3.733	4.513	1840.	2.628	66.00
U.S. Dollar	0.445	1.	1.830	220.5	4.268	1.659	2.006	817.8	1.168	29.34
Deutschemark	0.243	0.546	1.	120.5	2.332	0.906	1.096	446.8	0.638	16.03
Japanese Yen 1,000	2.016	4.535	8.301	1000.	19.35	7.525	9.098	3709.	5.297	133.1
French Franc 10	1.042	2.343	4.289	516.7	10.	3.888	4.701	1916.	2.737	68.75
Swiss Franc	0.268	0.603	1.103	132.9	2.572	1.	1.209	492.9	0.704	17.68
Dutch Guilder	0.222	0.499	0.912	109.9	2.127	0.827	1.	407.7	0.582	14.63
Italian Lira 1,000	0.544	1.223	2.238	269.6	5.218	2.029	2.453	1000.	1.428	35.87
Canadian Dollar	0.381	0.856	1.567	188.8	3.654	1.421	1.717	700.2	1.	25.12
Belgian Franc 100	1.515	3.408	6.239	751.5	14.55	5.655	6.837	2788.	3.981	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 11.65-11.75 per cent; three months 11.90-12.00 per cent; six months 11.92-12.02 per cent; one year 11.55-11.65 per cent.

Aug. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	n/a	11⅛-11⅜	11⅛-11¼	8¾-8⅞	⅝-⅞	6¼-6⅜	10⅜-10⅝	11-13	—	8¼-13¼
7 days' notice	n/a	11¼-11½	11⅛-11¼	8¾-8⅞	2-2¼	6½-6⅝	10⅜-10⅝	11½-13½	[illegible]	[illegible]
Month	13⅞-14⅛	12⅜-12⅝	11½-11⅞	9-9¼	1⅝-1⅞	[illegible]	12-12¼	13¼-14¼	12⅜-12½	[illegible]
three months	[illegible]	[illegible]	[illegible]	9⅜-9½	[illegible]	[illegible]	12½-12¾	[illegible]	12¼-12⅜	[illegible]
six months	[illegible]	12⅜-12⅝	[illegible]	9⅜-9½	2½-2⅝	6⅝-6⅞	13-13¼	15¼-16¼	12¼-12⅜	[illegible]
one year	13⅝-13¾	[illegible]	11⅛-11½	[illegible]	[illegible]	6½-6⅝	[illegible]	15-16	11¾-11⅞	[illegible]

Long-term Eurodollar: two years 11⅛-11⅜ per cent; three years 11-11⅛ per cent; four years 10⅞-11 per cent; five years [illegible] per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

U.S. rates firm

Short-term interest rates were firm in early New York trading, with Federal funds at 11[illegible]-11[illegible] per cent, compared with the presumed Federal Reserve target rate of 11 per cent. At the same time Chase Manhattan Bank became the first U.S. bank to increase its prime rate to 12¼ per cent from 12 per cent. This was closely followed by a similar move by the First National Bank of St. Louis. On Friday the foreign exchange market was disappointed when Citibank kept its prime rate at 12 per cent.

PARIS—Call money was unchanged at 10¼ per cent. One-month rose to 10¾-11 per cent from 10⅝-10⅞ per cent, and three-month to 11[illegible]-11[illegible] from 11-11¼ per cent. Six-month funds increased to 11[illegible]-11[illegible] per cent from 11[illegible]-11[illegible] per cent, and 12-month to 11⅜-11¼ per cent from 11[illegible]-11[illegible] per cent.

FRANKFURT—Call money fell to 6.00-6.10 per cent from 6.10-6.20 per cent, while one-month rose to 6.90-7.00 per cent from 6.80-6.90 per cent. Three-month was unchanged at 7.10-7.20 per cent, and six-month at 7.30-7.40 per cent. 12-month funds were quoted at 7.50-7.60 per cent, compared with 7.40-7.60 per cent on Monday.

AMSTERDAM—Call money declined to 8⅜-8⅝ per cent from 8¾-8⅞ per cent, and one-month to 9-9¼ per cent from 9¼-9⅜ per cent. Three-month and six-month were unchanged at 9¼-9⅜ per cent.

BRUSSELS—One-month rose to 11[illegible]-12[illegible] per cent from 11⅞-12 per cent, three-month to 12-12⅛ per cent from 11⅞-12⅛ per cent, and six-month to 11[illegible]-11[illegible] per cent from 11¼-11⅜ per cent. 12-month funds eased to 10[illegible]-10[illegible] per cent from 10⅞-11 per cent.

SINGAPORE—Many banks, including the big four Singapore banks, have raised their prime rates from the beginning of the week. Development Bank of Singapore, Overseas Union Bank, and United Overseas Bank have increased their rates by ¼ per cent to 8¼ per cent, while Overseas Chinese Banking Corporation has raised its prime rate by ½ per cent to 8½ per cent.

HONG KONG—The money market was stable, with call money at 13 per cent, and overnight at 12½ per cent.

ROME—Yield on Italian Treasury bills were unchanged or slightly higher at the monthly auction. Demand from commercial banks was good, while the the result was seen as an indication that higher yield may occur in the autumn. Bids for the 2½ trillion six-month bills on offer totalled 1.772bn lira at a price of 94.65, to yield 11.27 per cent, compared with 11.21 per cent previously. The yield on one-year bills was unchanged at 12.3 per cent, with 2.825 trillion lira of bills sold at a price of 89.05 out of an offering of 4.5 trillion lira. Commercial banks increased their holdings of bills to 4.597 trillion lira from 4.222 trillion lira, partly reflecting increased interbank liquidity. The Bank of Italy and Italian Exchange Office absorbed bills not purchased by commercial banks.

GOLD

Record level

Gold touched an all time high of $316¾-317¼ in fairly active trading, before easing to a record closing level of $314¼-$315¼, a rise of $1½ since Friday. The metal opened at $316-316½, and was fixed at $316.20 in the morning, and $316.75 in the afternoon, but selling from New York pushed it down in late trading.

	Aug. 28	Aug. 24
Gold Bullion (fine ounce)		
Close	$314¼-315¼ (£139.7-140.35)	$313-315¼ (£139.25-140.5)
Opening	$316-316½ (£141-141.35)	$313¼-314¼ (£140.9-141.25)
Morning fixing	$316.20 (£140.798)	$314.70 (£141.470)
Afternoon fixing	$316.75 (£140.559)	$314.75 (£140.828)
Gold Coins, domestically		
Krugerrand	$326¼-327¼ (£144½-145½)	$323½-325½ (£145-146)
New Sovereigns	$81½-83¼ (£36½-37¼)	$81-83 (£36¼-37¼)
Old Sovereigns	$116½-118½ (£51½-52½)	$116-118 (£52-53)
Gold Coins, internationally		
Krugerrand	$325¼-327¼ (£144½-145½)	$323½-325½ (£145-146)
New Sovereigns	$81½-83¼ (£36¼-37¼)	$81-83 (£36¼-37¼)
Old Sovereigns	$116½-118½ (£51¾-52¾)	$116-118 (£52-53)
$20 Eagles	$442-447	$433-458
$10 Eagles	$246-253	$239-245
$5 Eagles	$203-208	$194-199

In Paris the 12½ kilo gold bar was fixed at FFr 45,700 per kilo ($332.8 per ounce) in the afternoon, compared with FFr 45,300 ($329.97) in the morning, and FFr 45,090 ($327.86) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 18,610 per kilo ($316.21 per ounce), compared with DM 18,405 ($312.66) previously.

UK MONEY MARKET

Extremely large help

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in short supply in the London bullion market yesterday, and the authorities gave extremely large assistance by buying a small amount of Treasury bills from the discount houses, and by lending a very large amount to 10 or 11 houses, overnight at Bank of England Minimum Lending Rate of 14 per cent.

Repayment was made of the moderate amount borrowed on Friday, there was a moderate net take-up of Treasury bills to finance, while the market was also faced with a small increase in the note circulation, and a small excess of revenue payments to the Exchequer over Government disbursements. On the other hand bank balances were slightly above target.

Discount houses paid around 13¾ per cent for secured call loans in the early part, and closing balances were taken at 13-14 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Aug. 28 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	14⅛-14⅜	—	—	—	14½	13-14	—	—	—
2 days notice	—	—	14-14¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅛-14[illegible]	14⅛-14⅜	—	14⅝	14½	14	—	—	—
One month	14[illegible]-14[illegible]	14[illegible]-14[illegible]	14⅛-14¼	14⅞-14⅝	14⅝	14⅛	14	13[illegible]-13¼	14⅛	14⅜
Two months	14[illegible]-14	14⅛-14¼	—	14½-14⅜	14½	—	13¾	13[illegible]	14[illegible]	14⅛
Three months	14[illegible]-14	13[illegible]-14[illegible]	14-14⅛	13⅞-13½	14½	14½	13⅝-13¾	13[illegible]-13[illegible]	13[illegible]	14
Six months	13[illegible]-13⅝	13½-13⅝	13⅝-13¾	13½-13¼	14⅛	—	—	—	12[illegible]	13¾
Nine months	12[illegible]-12[illegible]	12[illegible]-13[illegible]	—	13-12⅝	13⅝	—	—	—	—	—
One year	12[illegible]-12[illegible]	12½-12¾	12⅞-13	12¾-12⅝	13	—	—	—	—	—
Two years	—	—	12¾-12⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 12¾-12⅞ per cent; four years 12¾-12⅞ per cent; five years 12¾-12⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13[illegible] per cent; four-month trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills 13[illegible] per cent; two-month 13[illegible] per cent; three-month 13[illegible]-12[illegible] per cent. Approximate rates for one-month bank bills 14 per cent; two-month 13[illegible] per cent; and three-month 13[illegible] per cent; one-month trade bills 14¼ per cent; two-month 14 per cent; and three-month 13⅞ per cent.

Finance House Base Rates (published by the Finance Houses Association) 14 per cent from August 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.2975 per cent.

MONEY RATES

NEW YORK	
Prime Rate	12-12.25
Fed Funds	11.5
Treasury Bills (13-week)	9.52
Treasury Bills (26-week)	9.51
GERMANY	
Discount Rate	6
Overnight Rate	6.05
One month	6.95
Three months	7.15
Six months	7.35
FRANCE	
Discount Rate	9.5
Overnight Rate	10.5
One month	10.375
Three months	11.375
Six months	[illegible]
JAPAN	
Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount (three-month)	[illegible]

Early Wall St. pull-back after profit-taking

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—27¼% (29%)
Effective $2.2495 10⅞% (10¼%)

Stocks pulled back slightly in active trading after an increase in the bank prime rate to a record 12¼ per cent from 12 per cent.

Analysts said, however, that the increase was expected and that the prime rate could go higher still. The pullback was attributed mostly to profit-taking.

Closing prices and market reports were not available for this edition.

The market has been steadily advancing over the past four weeks and on Monday the New York Stock Exchange Composite Index closed at its highest level in six years. The index was off 0.03 to 62.19 at mid-session yesterday.

The Dow Jones Industrial Average shed a fraction and declines led advances by a handful of issues on turnover of 14m shares.

Oils, which led the market higher on Monday, were mixed yesterday. Active **Texaco** was unchanged at 29⅜. **Mobil** slipped ¼ to 43⅛ and **Exxon** picked up ⅛ to 56⅝. Exxon said it will further postpone a decision on whether to acquire **Reliance Electric**. Reliance slipped ¼ to 56⅞.

U.S. Steel was unchanged at 23. It will raise prices on a number of products averaging 1.3 per cent over its total product line. This follows a similar move by **Bethlehem Steel** last week. Bethlehem was unchanged at 23¾.

Louisiana Pacific reached agreement to acquire **Flintkote** for cash and/or stock valued at $53 per Flintkote share. Flintkote eased ¼ to 50⅝ and Louisiana Pacific ½ to 23½. **Eastman Kodak** lost ⅛ to 58, ex-dividend.

General Motors eased ⅛ to 59¼, but **Ford** added ½ to 42½. They presented economic proposals to the United Auto Workers.

Shakespeare Co. added ⅛ to 12⅞. **Anthony Industries** bought 35 per cent of Shakespeare's common. Anthony had not previously traded on the American Exchange. It closed at 11½.

American Stock Exchange prices moved lower in moderate trading. The index slipped 0.93 to 216.47 on turnover of 1.94m shares.

Imperial Oil "A" slipped ⅛ to 33⅝ in spite of an upward revision of uranium tonnage estimates at a Saskatchewan site.

Oxford First Corp. proposed to sell some real estate and an equity stake in the company to an investor group. Oxford rose 1½ to 6⅞.

Canada

Share prices were mixed in moderately active trading as the composite index fell almost a point and two of four leading indices declined.

Among Banks, **Canadian Imperial** rose ¼ to 26⅞, **Bank of Montreal** ⅛ to 25¼ and **Royal** ⅝ to 45⅝.

Most mining shares continued higher as **Falconbridge Nickel "A"** rose one to 67⅛, **Hudson Bay Mining** ⅝ to 25 and **Alcan Aluminium** ⅛ to 45⅛.

Oils were broadly lower as *Gulf Canada* dropped 3½ to 78¼, **Shell Canada** ⅝ to 27⅞ and **Imperial Oil "A"** ½ to 39¼.

Volume was 254,139 shares compared with 197,398 on Monday.

In Toronto the market turned mixed in active trading as the composite index fell 2.3 to 1,676.4. Eight of 14 indices advanced and gains led losses 188 to 156.

Gold issues were higher as **Dome Mines** at 46¼, **Campbell Red Lake** at 34 and **Camflo Mines** at 15⅞ rose ⅛, while **Kerr Addison** gained ⅜ to 11⅜ and **Dickenson Mines** ⅛ to 8⅞.

Among real estate shares, **Cadillac Fairview** rose ⅛ to 23½ and **Trizec** ¼ to 22.

Oils declined as **Gulf Canada** fell 3½ to 70¼. **Hudson's Bay Oil** 1½ to 83. **Aquitaine Canada** one to 40⅞ and **Asamera Oil** ½ to 17⅞.

Paris

Reports of oil finds by two French oil companies — **CIE Francaise des Petroles (CFP)** and **ELF-Aquitaine** sent investors on a buying spree which pushed the market indicator up by almost 1 per cent.

Esso was the star performer, closing 12 per cent up after trading was suspended at one point due to a lack of selling orders. Other oil issues sought-after were CFP, which put on 6 per cent and **Elf-Aquitaine**.

The AGEFI Index (base 100 equals 1962) of shares listed on the forward market at the bourse stood at 119.24 Monday—its highest level since 1973—and rose to 130.62 by the end of yesterday's session.

Germany

Leading shares closed higher, trading on small turnover, after some orders for bankings—the day's best performers—provoked general buying.

Dresdner led banks up DM 4.50. **Bayer**, which announced higher first-half 1979 group profits of DM 810m rose 60 pfennigs in line with other chemicals, and **RWE** gained DM 1.10 after announcing higher 1978-79 group third-party turnover of DM 15.64bn.

Linde led engineerings up DM 1.50, **Karstadt** gained 4 in stores, while **Horten** was unchanged, and autos were mixed with **Daimler** shedding DM 1 and **VW** also easing, but **BMW** firming.

Tokyo

Share prices closed higher, led by oils and big-capital issues with investors anticipating a further rise in September.

The market average rose 27.52 to close at 6,435.63, with volume 240m shares. The Tokyo Stock Exchange Index closed at 453.46, up 1.61.

Oils continued to rally, while heavy electricals and shipbuildings firmed on good earning prospects. **Fuji Electric** rose 8 to 245, **Mitsubishi Electric** 2 to 206, **Mitsui Engineering and Shipbuilding** 7 to 195 and **Mitsubishi Heavy Industries** 2 to 178.

Australia

The markets closed firm, the all ordinaries and metals and minerals indexes reaching seven-year highs, gaining 3.18 points to 640.03 and 20.67 points to 3,354.03 respectively.

Diamonds, oil, gas and other resources stocks helped maintain the market strength.

Haoma Gold gained 8 cents to 63 and **North West Mining** 8 to 60, while oil board interest centred on **Santos** which gained 15 to A$4.40.

BHP gained 18 to A$10, while **Mary Kathleen Uranium**, which on Monday reported six-month profits, gained 12 to A$1.

Banks were also firm, **CBC** gaining 5 to A$2.63, **NSW Bank** 5 to A$3.10, and **ANZ** 3 to A$3.73.

In Melbourne, stocks closed firm, bouyed by special interest in diamonds, oils and other mineral related stocks.

Discovery of a fourth pipe by the Mount Wynne venture in the West Kimberleys gave fresh impetus to a number of diamond stocks.

In oils, **BHP** gained 14 to A$9.98 and **Santos** 25 to A$4.50 after special sales of A$500,000 of Santos shares at A$4.50.

Mary Kathleen Uranium, after Monday's profits announcement, firmed 9 cents to A$96.

CBC Bank rose 5 to A$2.60 on improved results but **Woolworths** eased 5 to A$1.57 after Monday's announced profit downturn for the first half.

Hong Kong

Stock prices closed slightly firmer in quiet trading on greatly reduced turnover with activity mostly centred on blue chips and properties, and the Hang Seng Index closed up 2.79 at 575.50.

The market is consolidating at present levels, with many operators cautious ahead of Saturday's Exchange banks association meeting and anticipating a possible further half point increase in local prime rates.

HK Wharf rose 50 cents to HK$35, **HK Land** 20 to HK$8.45, **Hutchison Whampoa** 7.5 to HK$4.875 and **HK Electric** 5 to HK$4.55.

Jardine Matheson fell 10 cents to HK$10.90, **Swire Pacific "A"** 10 to HK$7.90, while **Whelock "A"** and **HK Bank** were unchanged at HK$3.30 and HK$13.60 respectively.

Cheung Kong rose 60 cents to HK$12.60, **SHK Properties** 40 to HK$10.40 and **Swire Properties** 5 to HK$3.80, while **Hang Seng Bank** rose HK$1 to 81 and **HK Land Warrants 1986** rose 10 cents to HK$4.525.

Switzerland

Prices were steady in a selective but fairly active settlement's day trading, with sentiment underpinned by high liquidity and favourable economic prospects.

Swissair registered continued higher in transports, while banks fluctuated narrowly with an easier bias. In financials **Motor Columbus**, **Interpan** and **Presse-Finanz** eased and **Usego** gained.

Among irregular insurances small gains were in the majority.

Jelmoli, **Globus** participation certificate, **Sulzer** and **Von Roll** showed gains in industrials, while bearer shares of **Brown Boveri**, **Globus** and **Alusuisse** dipped. **Saurer** bearer closed higher after opening lower.

Domestic and foreign bonds were steady on moderate turnover.

Dollar stocks traded around overnight New York closing levels, while Dutch internationals eased and Germans closed slightly higher. Elsewhere **Norsk Hydro** was little changed in heavy trading.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
Φ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ‡ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Trade. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. *A* Interim since increased.

NEW YORK

Stock	Aug. 27	Aug. 24
bbotts Lab	37⅛	37⅛
M International	18	17⅞
dobe Oil & Gas	34⅝	35⅞
etna Life & Ca	34¾	34⅝
r Products	32⅛	32½
can Aluminium	38⅝	38⅛
coa	55½	55¼
leg. Ludlum	25	25
legheny Power	17⅝	17½
lied Chemical	37⅝	37
lied Stores	25½	25¼
lis Chalmers	36	36⅜
MAX	39⅝	39
merada Hess	43⅜	43
mer. Airlines	13⅝	13⅝
mer. Brands	56½	56⅝
mer. Broadc'st	46⅞	46⅞
mer. Can	39⅛	39¼
mer. Cyanamid	26⅝	26¾
mer. Dist. Tel	23	23¼
mer. Elect.Pow	20⅝	20⅝
mer. Express	36	36
mer. HomeProd	29	28½
mer. Medical	32¾	32½
mer. Motors	8⅝	8¼
mer. Nat. Res	43⅜	43½
mer. Standard	57¼	57¼
mer Stores	31¾	31¼
mer. Tel. & Tel	55⅞	58⅛
metek	39¾	39⅞
MF	17⅝	17⅝
MP	38⅝	39⅛
mpex	18	17¾
nchor Hocking	17¼	17⅝
nheuser Busch	23⅝	23⅝
rmco	23¼	23⅛
SA	27⅝	27⅝
samera Oil	15⅝	14⅝
sarco	24⅝	23⅜
shland Oil	40	39⅝
tl. Richfield	70¼	70⅛
Auto Data Pro	36	35⅛
AVC	11¾	11¾
Avco	25¾	25⅝
Avon Products	53⅛	52
Baker Intl	48½	48¼
Balt. Gas Elect	24⅞	24⅝
Bangor Punta	28⅞	29⅛
BankAmerica	29⅝	29⅜
Bankers Tr. N.Y.	47¼	47⅛
Barber Oil	40½	39⅜
Basic Resources	9¼	9¼
Baxter Travenol	47	46
Beatrice Foods	24	24
Beckman Inst	29¼	29⅜
Bect 'nDick'nson	36	35¼
Bell & Howell	20⅝	19¼
Bendix	40½	39⅝
Benguet Cons 'B'	3⅝	3⅝
Bethlehem Steel	23¾	23⅝
Black & Decker	25	24¾
Boeing	46⅛	46
Boise Cascade	37¼	37½
Borden	25¾	25⅛
Borg Warner	33¾	34⅛
Braniff Intl	12⅝	12⅝
Brascan 'A'	20¾	20½
Bristol Myers	36¼	36
rit. Pet ADR	25⅛	25⅝
rockway Glass	15¼	15¼
runswick	15	15
ucyrus Erie	21⅞	21⅞
urlington Nthn.	64½	64½
urroughs	73½	73⅜
ampbell Soup	33	32⅞
anadian Pacific	30⅝	30
anal Randolph	15⅜	15
arnation	27½	27¼
arriers & Gen	12	11⅞
arter Hawley	19⅞	19⅝
aterpillar Tract	56¼	56¼
BS	53	[illegible]
lanese Corpn.	47⅛	52¼
ntral & S.W.	16¼	15⅞
rtain-Teed	18	18¼
ssna Aircraft	21¼	21⅝
ampion Inter	27½	27¾
se Manhattan	42	42¼
emical Bk. NY	41¾	42
esebr'gh Pond	25¼	25¼
esale System	32	31⅞
icago Bridge	59	59¼
rysler	8⅝	8⅝
c. Milacron	22½	23⅛
icorp	25½	25⅝
ies Service	75¼	73⅝
y Investing	21⅝	20½
veland Cliff	36	36½
caCola	40⅛	40⅛
lgate Palm	18½	18½
llins Aikman	9⅝	9⅛
lumbia Gas	35¼	35½
lumbia Pict	25¼	24⅞
m.InsCo.of Am	21⅛	20¾
mbustion Eng.	52¼	52½
mbustion Eq.	13¼	12½
n'th Edison	24⅝	24⅝
mm. Satellite	42⅞	42¾
mpugraphic	38⅝	38⅝
mputer Scienc	15¾	16⅛
nn Life Ins	38⅝	38⅝
nrac	17⅝	17⅛
n. Edison NY	23⅝	23⅜
nsol Foods	25½	25¼
nsol Nat. Gas	41⅝	42
nsumer Power	21⅝	21⅞
ntinental Gr'p	30¼	30
ntinental Oil	40¼	40
ntinental Tele	17½	17¼

Stock	Aug. 27	Aug. 24
Control Data	46½	46
Cooper Indus	57¾	58
Corning Glass	64¼	63⅜
CPC Int'rnation'l	64¾	64½
Crane Co	35½	35¼
Crocker Natl	34	35
Crown Zellerb'h	37⅞	37⅞
Cummins Engine	36⅛	36⅞
Curtiss Wright	17½	17¼
Dana	28⅞	28⅝
Dart Industries	45¾	46⅝
Deere	39⅝	39⅜
Deltona	14⅝	14⅝
Dentsply Int	16	16⅛
Detroit Edison	14⅞	14⅞
Diamond Shmrk	26	26
Di Giorgio Corpn	11	11⅛
Digital Equip	63⅝	63¼
Disney (Walt)	40	39½
Dover Corp'n	60¾	60¾
Dow Chemical	30¼	29¾
Dravo	30¾	31¼
Dresser	52	51⅝
Dupont	42⅞	42¼
Eagle-Picher	23¼	23
Eastern Airlines	8⅞	8⅞
Eastman Kodak	58¾	58
Eaton	43⅛	42¾
E G. & G	37	36⅞
E Paso Nat. Gas	21½	21⅝
Eltra	49¼	49⅝
EmersonElectric	36⅛	35¾
EmeryAirFreight	23⅜	23¼
Emhart	38⅞	39
E.M.I.	2⅛	2¼
Engelhard	35¼	34⅝
Esmark	28¼	27¾
Ethyl	28¾	28
Exxon	56½	56¼
Fed. Dept. Stores	30¾	31⅛
Firestone Tire	11¼	11
First Chicago	18¾	18⅝
Fst. Nat. Boston	32¼	32¼
Flexi Van	16⅝	16⅛
Flintkote	50⅝	49⅝
Florida Power	30	29¾
Fluor	37⅝	37
F.M.C.	28	27⅞
Ford Motor	42½	42
Foremost Mck	24¼	24¼
Foxboro	40⅛	40⅝
Franklin Mint	9½	9¾
Freeport Mineral	44½	42⅞
Fruehauf	34⅛	33
Fuqua Inds	13¾	13¼
G.A.F.	11½	11⅝
Gannett	45¼	45¾
Gelco	34¼	34⅝
Gen. Amer. Inv	12¾	12⅝
G.A.T.X.	37⅜	37
Gen. Dynamics	41	40
Gen. Electric	52¾	53¼
Gen. Foods	33⅞	33¾
General Mills	27¾	27¾
General Motors	59½	59¼
Gen. Pub. Util	9½	9½
Gen. Signal	36⅞	35¾
Gen. Tel. Elect	29½	29⅝
Gen. Tire	22⅛	22⅞
Genesco	4⅝	4⅝
Georgia Pacific	28¾	28¾
Geosource	39	38½
Getty Oil	61⅜	59⅛
Gillette	27⅛	27⅛
GK.Technologies	21¼	21
Goodrich B.F.	22¼	22
Goodyear Tire	15⅝	15⅝
Gould	28¼	28⅛
Grace W.R.	33	33⅛
Grt.Atlan PacTea	9¾	9⅝
Grt. North Iron	25¼	25
Greyhound	15⅜	15⅝
Gulf & Western	17⅛	16½
Gulf Oil	30¾	30
Halliburton	78½	77⅜
Hanna Mining	37⅝	37⅞
Harnischfeger	23⅝	23½
Harris Corpn	31¾	30½
Heinz H. J.	39⅝	39
Heublein	29⅜	29¼
Hewlett Packard	55½	54⅞
Holiday Inns	22⅛	22
Homestake	38⅝	38⅛
Honeywell	80	80¼
Hoover	14⅛	14⅜
Hosp.Corp. Amer	36⅝	36¾
Houston Nat. Gas	31¾	31⅝
Hunt (Ph.A) Chm	14½	14½
Hutton (E.F.)	20¾	20⅛
I.C. Industries	29⅝	29⅛
INA	48½	47½
Ingersoll Rand	54⅝	54½
Inland Steel	36⅝	36⅝
Insilco	13⅛	13⅝
Intel	57	56
IBM	70	69⅛
Itnl. Flavour	22¼	22⅛
Intl. Harvester	44¼	44½
Intl. Min.&Chem	52¾	52¾
Intl. Multifoods	21⅝	21¼
Inco	21⅛	20⅞
Intl. Paper	44⅝	44½
Intl. Rectifier	17⅜	17½
Intl. Tel. & Tel	30⅛	30¼
Iowa Beef	22⅜	21⅝
IU International	13¼	13⅛
Jim Walter	34½	34⅜

Stock	Aug. 27	Aug. 24
Johns Manville	27	26⅛
Johnson Johnson	77¼	77
Johnson Control	29¾	29
Jostens	21⅛	21⅛
Joy Manufacturg	32⅞	33⅛
K. Mart	27	27
Kaiser Aluminum	21½	21¼
Kaiser Industries	2¼	2⅛
Kaiser Steel	43⅞	46¼
Kaneb Services	18	17⅝
Kay	13⅝	14
Kennecott	25⅞	25
Kerr McGee	56¼	56¼
Kidde Walter	35¾	35¼
Kimberley Clark	45½	44⅝
Koppers	22⅞	22¾
Kraft	48¾	48¾
Kroger Co	24⅛	24
Leaseway Trans	22	22
Levi Strauss	61⅝	60⅞
Libbey Ow. Ford	27⅜	27½
Liggett Group	36⅜	35⅞
Lilly (Eli)	57⅛	57⅜
Litton Industries	35¾	34¼
Lockh'ed Aircrft	28⅛	27⅞
Lone Star Ind'sts	25¾	25½
Long Island Ltg	17⅝	17⅝
Louisiana Land	36	36
Lubrizol	47⅞	47¾
Lucky Stores	17	17
MacMillan	19½	19⅜
Macy R.H.	42¼	42
Mfs. Hanover	36¼	36
Mapco	34¼	34½
Marathon Oil	39½	39¼
Marine Midland	19⅝	19½
Marshall Field	20⅛	20
Marsh McLenn'n	66¾	66¾
May Dept. Stores	25¾	25⅜
MCA	46¼	46¼
McDermott	20⅜	20⅜
McDonnell Doug	27⅜	27½
McGraw Hill	27¼	27
Memorex	29⅝	28¾
Merck	69¾	69½
Merrill Lynch	20¾	20½
Mesa Petroleum	65⅛	64¼
MGM	20⅛	20
Minn Ming & Mtg	54¾	55
Mobil Corpn	43⅝	42½
Modern Merch	14¾	14¾
Monsanto	56½	56½
Morgan (J.P.)	53	53⅛
Motorola	49½	48⅞
Murphy Oil	72¾	70
Nabisco	24⅜	24⅝
Nalco Chemicals	33½	34¼
National Can	22½	22⅛
Nat. Distillers	28	28¼
NatSemic'd'ctor	29¾	29⅞
Nat. Service Ind	18¾	18⅞
National Steel	34	33⅞
Natomas	54⅜	54⅝
NCR	80⅝	79⅝
New England E	23⅛	22⅞
New England Te	36	35⅝
Niagara Mohawk	14	14
Niagara Share	12⅝	12½
N. L. Industries	28⅜	27⅝
Norfolk & West'n	26¾	27
North Nat. Gas	50¾	50¾
Nthn. States Pwr	25¼	25⅛
Nthwest Airliner	34½	34
Nthw'st Bancorp	28⅛	28⅜
Norton Simon	17	17⅛
Occident'l Petrol	25⅝	25
Ogilvy Mather	22	22
Ohio Edison	16½	16⅜
Olin	24⅛	24⅛
Overseas Ship	33⅜	33⅛
Owens Corning	29⅞	29½
Owens Illinois	22¼	22
Pacific Gas	24	24
Pacific Lighting	23	23¾
Pac. Pwr. & Ltg	21	21⅛
Pan Am World Air	7⅜	7¼
Parker Hannifin	28¾	27⅝
Peabody Intl	24⅛	24⅝
Penn. Pwr. & Ltg	20⅝	20⅝
Penney (J.C.)	33⅛	33⅛
Pennwalt	34⅛	34⅛
Pennzoil	46⅝	47
Peoples Drug	12½	12⅞
Peoples Gas	37⅝	38⅝
Pepsico	27⅜	27
Perkin Elmer	29⅞	30
Petrolane	47⅝	47
Pfizer	35⅝	35
Phelps Dodge	28¾	28⅝
Philadelphia Ele	15⅜	16¼
Philip Morris	37¼	37
Phillips Petro'm	40⅝	40¼
Pillsbury	39⅝	39¼
Pitney-Bowes	29⅞	30
Pittston	24½	24⅞
Plessey Ltd ADR	25⅛	25
Polaroid	29⅝	29¼
Potomac Elec	13¼	13⅛
PPG Industries	32⅝	32¼
Procter Gamble	79¾	79
Pub. Serv. Elec	21¼	21¾
Pullman	37⅞	38½
Purex	17⅛	17⅛
Quaker Oats	25¾	25⅞
Rapid American	17½	17¼
Raytheon	56⅞	56¼
RCA	25¾	25¾
Republic Steel	29	29⅝
Resorts Intl	46⅝	45¾

Stock	Aug. 27	Aug. 24
Revlon	53¾	53½
Reynolds Metals	37⅛	36¾
Reynolds (R.J.)	62	62¼
Rich'son Merrell	24¾	24⅞
Rockwell Inter	41⅞	41¼
Rohm & Haas	44½	44⅛
Rolm	33	33
Royal Dutch	74¼	74
RTE	10¼	10⅜
Ross Togs	10¼	10⅜
Ryder System	24¼	24
Safeway Stores	39⅝	40½
St. Joe Minerals	29¼	29¼
St. Regis Paper	31	31⅛
Santa Fe Inds	51¼	51
Saul Invest	9	8⅝
Saxon Inds	6⅛	6
Schlitz Brewing	11½	11¾
Schlumberger	86	84¾
SCM	30⅛	30⅞
Scott Paper	18⅝	18⅜
Scovill Mfg	19⅝	19⅝
Scudder Duo Cap	10⅝	10½
Sea Containers	21¼	21
Seagram	30¼	30⅛
Searle (G.D.)	16⅛	16⅛
Sears Roebuck	19⅞	19⅞
Security Pacific	32¾	33
SEDCO	37⅜	36¾
Shell Oil	44⅛	43¾
Shell Transport	28¾	28⅜
Signal	32⅝	32¼
Signode Corp	35	35¼
Simplicity Pat	11¼	11⅝
Singer	12¼	12⅜
Smith Inter	62¼	61
Smith Kline	48⅛	47⅝
Solitron	6½	5⅞
Southdown	53¾	54⅝
Southern Cal.Ed	26¼	26¼
Southern Co	12⅞	13
Southern Nat Res	45⅛	44½
Southern Pacific	37⅛	37
Southern Railw'y	56¼	56
Southland	29¾	30¼
S'w't Bancshare	25⅜	25
Sperry Hutch	16⅛	16⅜
Sperry Rand	50¼	50
Squibb	33⅞	33¾
Standard Brand	25⅛	24⅞
Std.Oil California	56⅝	56¼
Std. Oil Indiana	68⅛	68⅛
Std. Oil Ohio	69	68
Stauffer Chem	23¾	24¼
Sterling Drug	17	17
StorageTechnlgy	18⅞	18⅝
Studebaker War	50⅛	50
Sun Co	67¾	67
Sundstrand	32⅝	31⅛
Super Valu Store	21⅝	21
Syntex	41¾	42
Tandy Corpn	26¾	26⅞
Technicolor	14⅝	14⅝
Tektronix	57	57¼
Teledyne	152⅜	151⅛
Telex	4⅝	4⅝
Tenneco	37⅝	37⅝
TesoroPetr'leum	16¾	17
Texaco	29⅜	28½
Texasgulf	27⅞	27⅝
Texas Eastern	55¼	54⅞
Texas Inst'm	96½	95⅞
Texas Oil & Gas	47¼	45⅞
Texas Utilities	19⅝	19½
Times Inc	46½	46
Times Mirror	35¾	35¾
Timken	60⅝	60⅝
Trane	23	22⅝
Tran. America	19⅞	19⅞
Transco	30⅝	30¼
Tran. Union	34⅞	34
Transway Intl	25¼	24¾
TWCorp	21	21⅛
Travelers	38⅝	38½
Tri-Continental	18⅞	18½
Triton Oil & Gas	8¼	7½
TRW	39⅛	39⅜
20th Century Fox	43⅝	43¼
Tyler	15⅛	15¼
U.A.L.	28	28¼
UGI	26¼	26⅜
UNC Resources	27	28
Unilever	44	44⅛
Unilever NV	64	64
Union Carbide	43	42⅜
UnionCommerce	11½	12
Union Oil Calif	44¼	43⅞
Union Pacific	71⅛	71¼
Uniroyal	5½	5½
United Brands	10⅞	11½
US Bancorp	29	29
US Gypsum	35	33¾
US Shoe	22	22
US Steel	23	23¼
UtdTechnologies	42⅛	41⅜
UV Industries	25⅞	25¾
Virginia Elect	12⅞	13
Walgreen	30	29½
Wallace-Murray	26¾	26⅛
Warner-Commn	37⅜	37¼
Warner-Lambert	24⅛	24
Waste-Man.ment	36⅛	36
Wells-Fargo	32¾	32¾
WesternBancorp	34¾	34⅝
Western N.Amer	39¼	38½
Western Union	20⅞	21
W'tinghse Elec	22⅝	22⅛
Weyerhaeuser	33¼	33⅝
Whirlpool	21⅜	21½
White Con Ind	27¼	27⅜

Stock	Aug. 27	Aug. 24
Williams Co	22⅞	22¼
Wisconsin Elect	25½	25⅜
Woolworth	28	27⅝
Wyly	6½	6⅛
Xerox	67⅝	66⅝
Zapata	20¼	20¼
Zenith Radio	13¼	13⅛
U.S. Treas. 4% 80	†97¼	†97¼
USTreas4¼%75/85	†82½	†82½
U.S. 90 day bills	9.65%	9.65%

CANADA

Stock	Aug. 27	Aug. 24
Abitibi Paper	20	19⅝
Agnico Eagle	7¼	7¼
Alcan Aluminium	44¾	44⅝
Algoma Steel	29	29⅝
Asbestos	†42	43
Bank Montreal	25	25¼
Bank NovaScotia	25¼	25
Bell Telephone	21¼	21¼
Bow Valley Ind	32½	31⅞
BP Canada	34¾	34½
Brascan	24¼	24
Calgary Power	46¾	46½
Camflo Mines	15⅛	15⅛
Canada Cement	13¼	13
Can. NW Land	15⅜	14¾
Can. Perm. Mort	18½	18¼
Can.Imp.Bk.Com	26⅞	26⅝
Canada Indust	‡23	†22¼
Can. Pacific	35¾	34⅞
Can. Pacific Inv	33⅝	33
Can. Super Oil	155	155
Carling O'Keefe	6½	6⅝
Cassiar Asbestos	12	12⅛
Chieftain	28	27⅜
Cominco	47¾	48¼
Cons. Bathurst	14¼	14⅛
Consumer Gas	25⅝	25¾
Coseka Resource	10½	10
Costain	10⅝	10½
Daon Devel	19	18¾
Denison Mines	30⅜	30
Dome Mines	46	46⅛
Dome Petroleum	43¼	43⅝
Dominion Bridge	†37½	†39
Domtar	28⅜	28¼
Dupont	22½	23
Falcon'ge Nickel	67⅛	66
Ford Motor Can	69⅝	†70½
Genstar	26⅞	27¼
GiantYell'wknife	11⅞	11¼
GulfOilof Canada	75¾	75
Hawker Sid. Can	16¼	16
Hollinger	46¼	45½
Home Oil 'A'	81½	81½
Hudson Bay Mng	24⅛	23½
Hudson's Bay	26¾	26¾
Hudson Oil & Gas	84½	83½
I.A.C.	16⅞	17
Imasco(Com.Stk)	45¼	45½
Imperial Oil	39¾	39⅜
Inco	24⅝	24½
Indal	14⅛	14¼
Inland Nat. Gas	13¼	13⅜
Int. Pipe Line	18½	18½
Kaiser Resource	28⅝	28⅝
Loblaw Com. 'B'	4.20	4.20
McMill'n Bloed'l	28½	28⅜
Marks & Spencer	8	8¼
Massey Ferguson	15½	15⅝
McIntyre	59¼	58¾
Moore Corpn	39	39⅜
Mountain State R	15	14⅝
Noranda Mines	19	18⅝
Norcen Energy	27¾	29½
Nth. Telecom	47½	47½
Numac Oil & Gas	44	43
Oakwood Petr'm	14¼	14
PacificCopper Ml	2.00	2.00
PanCan Petrol'm	58	56½
Patino	†22½	†22⅝
Place Gas & Oil	3.05	3.00
Placer D'vel'pm't	33¾	33⅛
Power Corp'n	15¾	15½
QuebecSturgeon	2.55	2.65
Ranger Oil	31⅞	32⅛
Reed Stenhouse	9⅝	9⅝
Rio Algom	32	31¾
Royal Bk. of Can	45⅝	45
Royal Trustco	15¼	15¼
Sceptre Res'urce	8⅛	8⅝
Seagram	35⅛	34⅞
Shell Canada	27¾	27¾
Sherritt G. Mines	11⅞	11⅞
Simpson	—	—
Steel of Canada	29½	29¼
Steep Rock Iron	4.05	3.95
Teck Corpn. 'B'	17½	16½
Texaco Canada	74¾	74
Toronto Dom.Bk	25⅞	25½
TransCan PipeLn	23	22½
TransMount Pipe	11⅛	11⅜
Trizec	†21¼	†21¼
Union Gas	12⅜	12⅛
Untd Siscoe Mnes	10⅝	10¼
Walker Hiram	44¾	44¾
West Coast Trans	15⅞	15½
Weston(Geo.)	24¼	25

† Bid. ‡ Asked. § Traded. ¶ New stock.

GERMANY ♦

[illegible]

TOKYO ¶

[illegible]

Source: Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

[illegible]

AMSTERDAM

[illegible]

SWITZERLAND Φ

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

MILAN

[illegible]

AUSTRALIA

[illegible]

PARIS

[illegible]

BRAZIL

[illegible]

Turnover: Cr. 209.3m. Volume 129.7m.
Source: Rio de Janeiro SE.

Indices

NEW YORK—DOW JONES

	Aug. 27	Aug. 24	Aug. 23	Aug. 22	Aug. 21	Aug. 20	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
● Industr'ls	885.41	880.20	880.38	885.84	886.91	886.52	886.52 (20/8)	807.00 (27/2)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	85.51	85.76	85.82	86.05	86.02	85.53	86.10 (15/8)	82.92 (8/5)	—	—
Transport	270.11	268.60	270.35	270.65	270.55	270.31	271.77 (15/8)	205.78 (27/2)	279.86 (7/2/69)	12.23 (8/7/32)
Utilities	108.86	108.44	109.61	109.27	108.51	105.24	109.61 (25/6)	98.51 (15/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading Vol 000's†	32,060	32,740	35,820	38,460	38,860	35,390	—	—	—	—

● Day's high 891.81 low 877.47

Ind. div. yield %	Aug. 17	Aug. 10	Aug. 3	Year ago (approx)
	5.57	5.64	5.73	5.26

STANDARD AND POORS

	Aug. 27	Aug. 24	Aug. 23	Aug. 22	Aug. 21	Aug. 20	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
‡Indust'ls	121.90	120.44	120.41	120.83	120.73	120.66	120.01 (17/8)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	109.84	109.60	108.63	108.99	108.91	108.83	108.30 (17/8)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Aug. 15	Aug. 8	Aug. 1	Year ago (approx)
Ind. div. yield %	5.02	5.13	5.22	4.70
Ind. P/E Ratio	8.41	8.21	8.07	9.99
Long Gov. Bond Yield	8.89	8.85	8.91	8.54

N.Y.S.E. ALL COMMON

Aug. 27	Aug. 24	Aug. 23	Aug. 22	1979 High	1979 Low
62.54	61.94	61.96	62.13	62.13 (22/8)	53.88 (27/2)

Rises and Falls

	Aug. 27	Aug. 24	Aug. 23
Issues Traded	1,887	1,893	1,864
Rises	906	615	631
Falls	577	825	824
Unchanged	404	453	409
New Highs	116	—	90
New Lows	4	—	4

MONTREAL

	Aug. 27	Aug. 24	Aug. 23	Aug. 22	1979 High	1979 Low
Industrial	293.98	292.73	290.40	288.64	292.73 (24/8)	218.19 (2/1)
Combined	287.77	286.19	284.46	283.83	286.19 (24/8)	225.80 (2/1)
TORONTO Composite	1676.7	1669.7	1662.01	1665.21	1669.7 (24/8)	1315.8 (2/1)
JOHANNESBURG Gold	328.1	—	319.5	319.5	509.4 (25/6)	228.4 (17/4)
Industrial	346.5	—	349.1	349.2	358.4 (17/8)	270.5 (2/1)

	Aug. 28	Previous	1979 High	1979 Low
Australia (¶)	640.05	636.86	634.41 (22/8)	545.72 (2/1)
Belgium (‖)	105.94	(u)	100.00 (5/7)	96.80 (3/1)
Denmark (**)	96.77	96.32	97.46 (25/7)	86.32 (8/1)
France (††)	92.7	90.9	91.0 (13/8)	71.5 (15/2)
Germany (‡‡)	761.10	749.58	839.6 (16/1)	719.4 (7/6)
Holland (§§)	75.2	75.7	85.9 (24/1)	71.3 (7/6)
Hong Kong ¶¶	575.50	(u)	626.76 (13/8)	493.63 (2/1)
Italy (‖‖)	88.18	(u)	86.78 (23/8)	62.38 (2/1)
Japan (a)	453.46	451.85	462.97 (31/1)	435.13 (13/7)
Singapore (b)	394.43	(u)	406.30 (17/8)	346.34 (23/2)

	Aug. 28	Previous	1979 high	1979 Low
Spain (d)	94.88	94.77	111.96 (6/3)	91.42 (17/7)
Sweden (e)	353.73	356.56	401.34 (6/2)	359.66 (25/6)
Switzerld (f)	322.1	322.1	329.1 (2/5)	294.0 (5/1)

Indices and base dates (all base values 100 except NYSE All Common — 50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. *a* Tokyo New SE 4/1/68. *b* Straits Times 1966. *c* Closed. *d* Madrid SE 29/12/78. *e* Stockholm Industrial 1/1/58. *f* Swiss Bank Corporation. *u* Unavailable.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Texaco	546,400	29¼	+⅝
Am Tel	428,300	57	−1⅛
City Inves.	520,300	21⅜	+1⅛
Exxon	356,900	56½	+1¼
IBM	338,900	70	+⅞
Gulf Oil	325,500	30⅞	+¾
P. Svc. Col.	272,700	16	—
Lucky Str	269,200	17	—
Asarco	266,700	24⅝	+1⅛
AM Motors	246,200	8⅝	+⅛

STOCKHOLM

[illegible]

OSLO

[illegible]

JOHANNESBURG

[illegible]

Rand Mines Properties	3.35	+0.10
Rehco	0.46	−0.02
Sage Holdings	1.93	+0.03
SAPPI	3.05	−0.08
C. G. Smith Sugar	7.30	
SA Breweries	1.87	+0.01
Tiger Oats and N. Mlg.	17.50	−0.10
Unisec	1.55	−0.04

Securities Rand U.S.$89
(Discount of 25½%)

SPAIN ♥

August 28	Per cent	
Asland	110	—
Banco Bilbao	261	—
Banco Central	289	—
Banco Exterior	264	—
B. Granada (1,000)	134	—
Banco Hispano	252	—
Bco. I. Cat. (1,000)	159	+ 0.02
Banco Madrid	192	—
B. Santander (250)	266	—
Bco. Urquijo (1,000)	224	—
Banco Vizcaya	263	—
Banco Zaragozano	214	—
Dragados	134	—
Fecsa (1,000)	55	—
Hidrola	64.50	+ 0.25
Iberduero	58.25	+ 0.25
Petroliber	83	—
Petroleos	130	+ 0.02
Sogefisa	122	—
Telefonica	68	+ 0.01
Union Elec	63.75	+ 0.75

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
AKZ C	F.27.50	37	2.50	—	—	—	—	F.29.50
AKZ C	F.30	6	0.90	45	1.60	60	2.70	,,
AKZ C	F.32.50	40	0.20	20	0.70	—	—	,,
AKZ C	F.35	15	0.10	—	—	—	—	,,
AKZ P	F.30	—	—	2	1.40	—	—	,,
AKZ P	F.32.50	10	3.90	—	—	—	—	,,
EK C	$60	5	1½	—	—	—	—	$58¼
HO C	F.38.50	—	—	—	—	10	3.20	F.33.50
IBM C	$70	50	3	50	5¼	—	—	$70
IBM C	$75	10	1	5	2⅝	—	—	,,
IBM C	$80	—	—	1	1⅛	—	—	,,
KLM C	F.100	5	9	2	12.50	—	—	F.105.50
KLM C	F.110	2	3.10	21	6.60	—	—	,,
KLM C	F.120	30	0.70	—	—	—	—	,,
KLM P	F.110	—	—	—	—	5	6.50	,,
KLM P	F.120	15	13.50	10	13.50	—	—	,,
PET C	Fr.5500	—	—	—	—	10	425	Fr.5190
PHI C	F.22.50	29	2	71	2.40	—	—	F.23.90
PHI C	F.25.00	110	0.40	56	1	223	1.50	,,
PHI C	F.27.50	10	0.10	2	0.30	—	—	,,
PHI P	F.25	—	—	100	1.20	—	—	,,
PHI P	F.27.50	—	—	10	3.60	—	—	,,
RD C	F.140	215	8.80	—	—	200	11.30	F.148.40
RD C	F.145	29	4.70	74	7	13	8.50	,,
RD C	F.150	81	2.10	14	4.20	29	63.0	,,
RD C	F.160	10	0.50	15	1.80	—	—	,,
RD P	F.140	35	1	—	—	—	—	,,
RD P	F.145	20	2.90	—	—	—	—	,,
RD P	F.150	—	—	40	6	1	8.20	,,
UNI C	F.130	—	—	14	2.80	—	—	F.139
		Nov.		Feb.		May		
BA C	$46⅝	20	2⅛	—	—	—	—	$45⅞
BAZ C	$40	40	7⅛	—	—	—	—	,,
BAZ C	$50	—	—	100	2⅝	—	—	,,

TOTAL VOLUME IN CONTRACTS 2023

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Bank Ltd.	14 %	■ Hill Samuel	§14 %
Amro Bank	14 %	C. Hoare & Co.	†14 %
American Express Bk.	14 %	Julian S. Hodge	15 %
Henry Ansbacher	14 %	Hongkong & Shanghai	14 %
A P Bank Ltd.	14 %	Industrial Bk. of Scot.	14½%
Associates Cap. Corp.	14 %	Keyser Ullmann	14 %
Banco de Bilbao	14 %	Knowsley & Co. Ltd.	15½%
Bank of Credit & Cmce.	14 %	Lloyds Bank	14 %
Bank of Cyprus	14 %	London Mercantile	14 %
Bank of N.S.W.	14 %	Edward Manson & Co.	15 %
Banque Belge Ltd.	14 %	Midland Bank	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Samuel Montagu	14 %
Barclays Bank	14 %	■ Morgan Grenfell	14 %
Bremar Holdings Ltd.	15 %	National Westminster	14 %
Brit. Bank of Mid East	14 %	Norwich General Trust	14 %
■ Brown Shipley	14 %	P. S. Refson & Co.	14 %
Canada Perm't Trust	14 %	Rossminster	14 %
Cayzer Ltd.	14 %	Ryl. Bk. Canada (Ldn.)	14 %
Cedar Holdings	14 %	Schlesinger Limited	14 %
■ Charterhouse Japhet	14 %	E. S. Schwab	15 %
Choulartons	14 %	Security Trust Co. Ltd.	15 %
C. E. Coates	14 %	Shenley Trust	16 %
Consolidated Credits	14 %	Standard Chartered	14 %
Co-operative Bank	*14 %	Trade Dev. Bank	14 %
Corinthian Secs.	14 %	Trustee Savings Bank	14 %
Credit Lyonnais	14 %	Twentieth Century Bk.	15 %
The Cyprus Popular Bk.	14 %	United Bank of Kuwait	14 %
Duncan Lawrie	14 %	Whiteaway Laidlaw	14½%
Eagil Trust	14 %	Williams & Glyn's	14 %
English Transcont.	14 %	Yorkshire Bank	14 %
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%. 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000, 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

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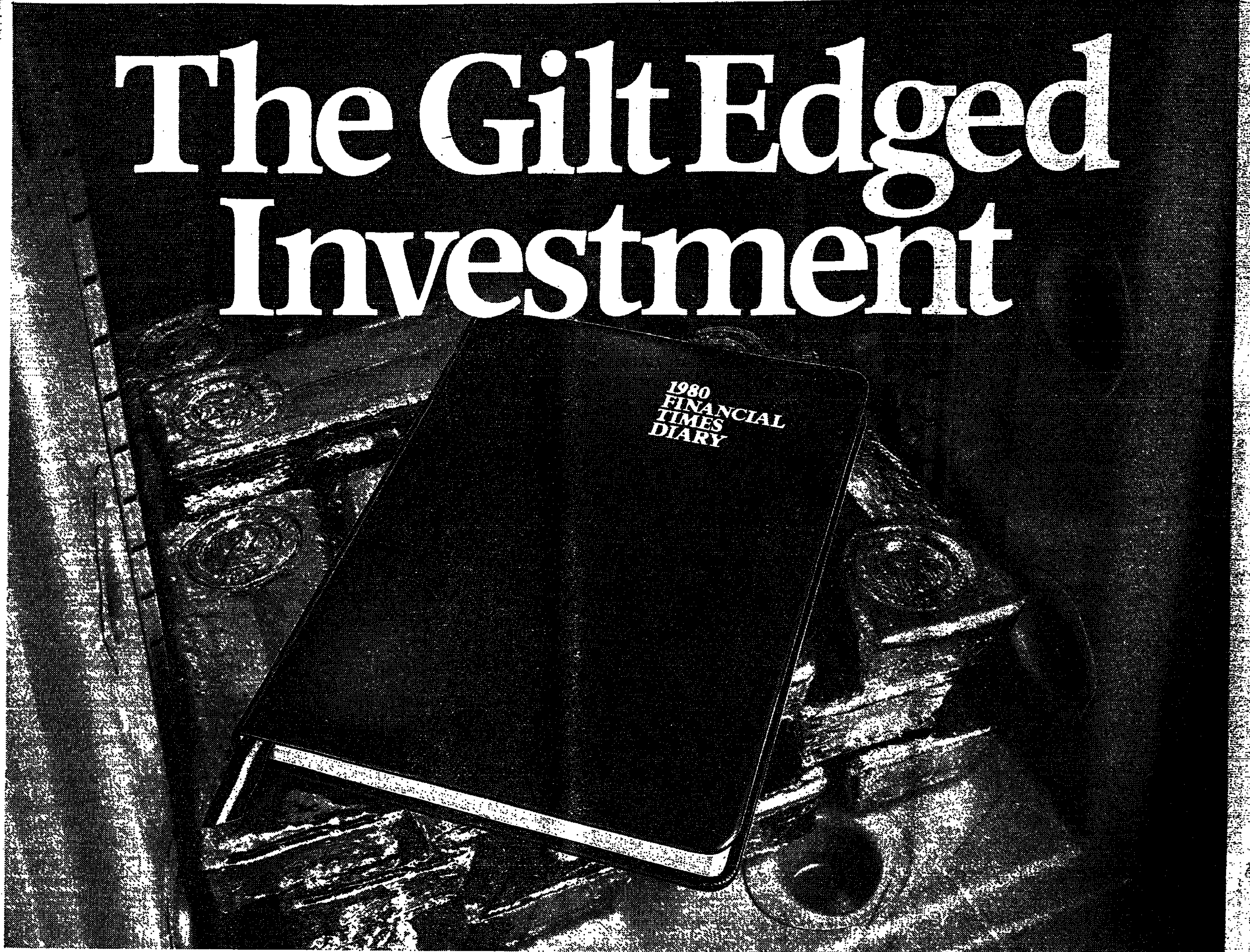

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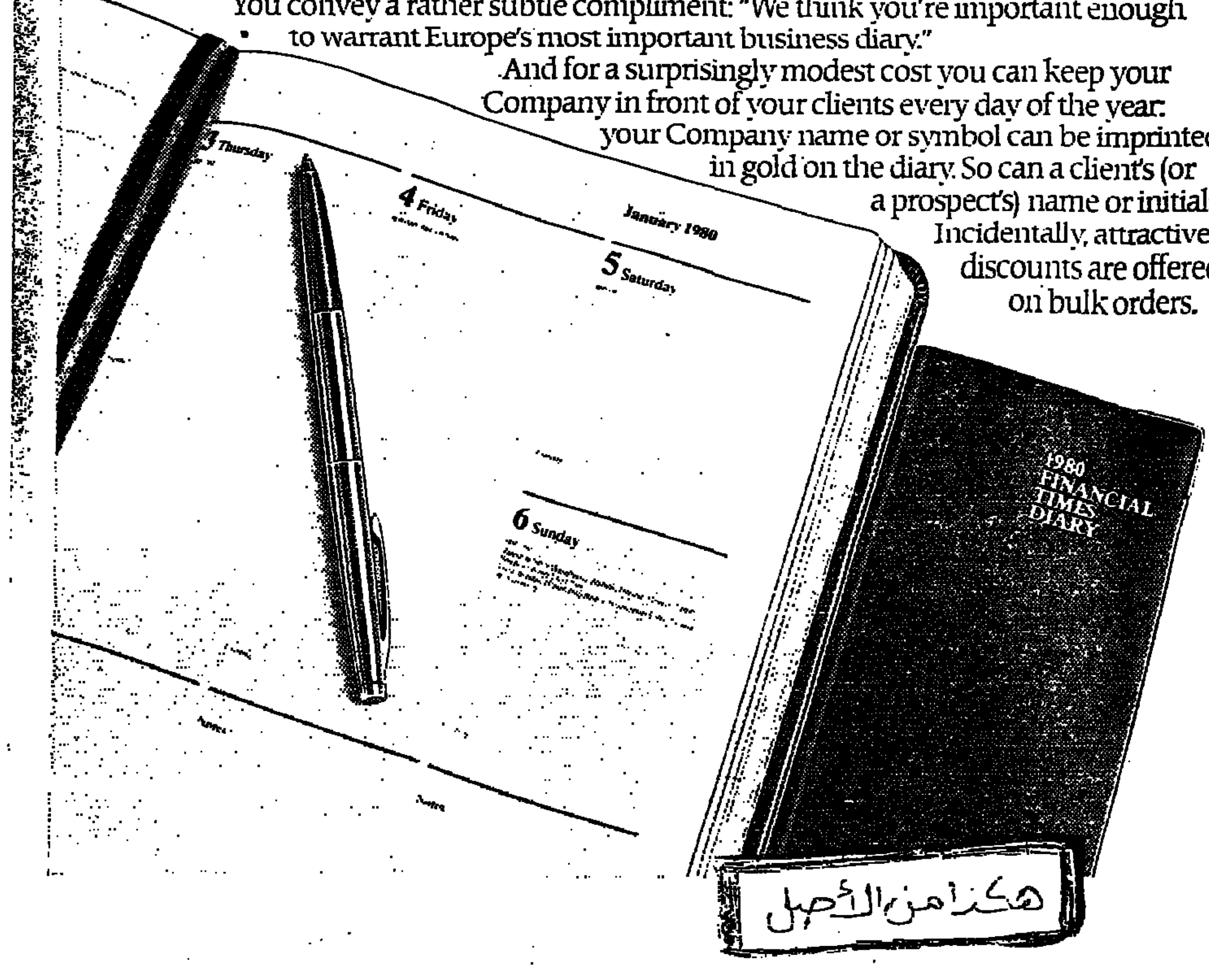

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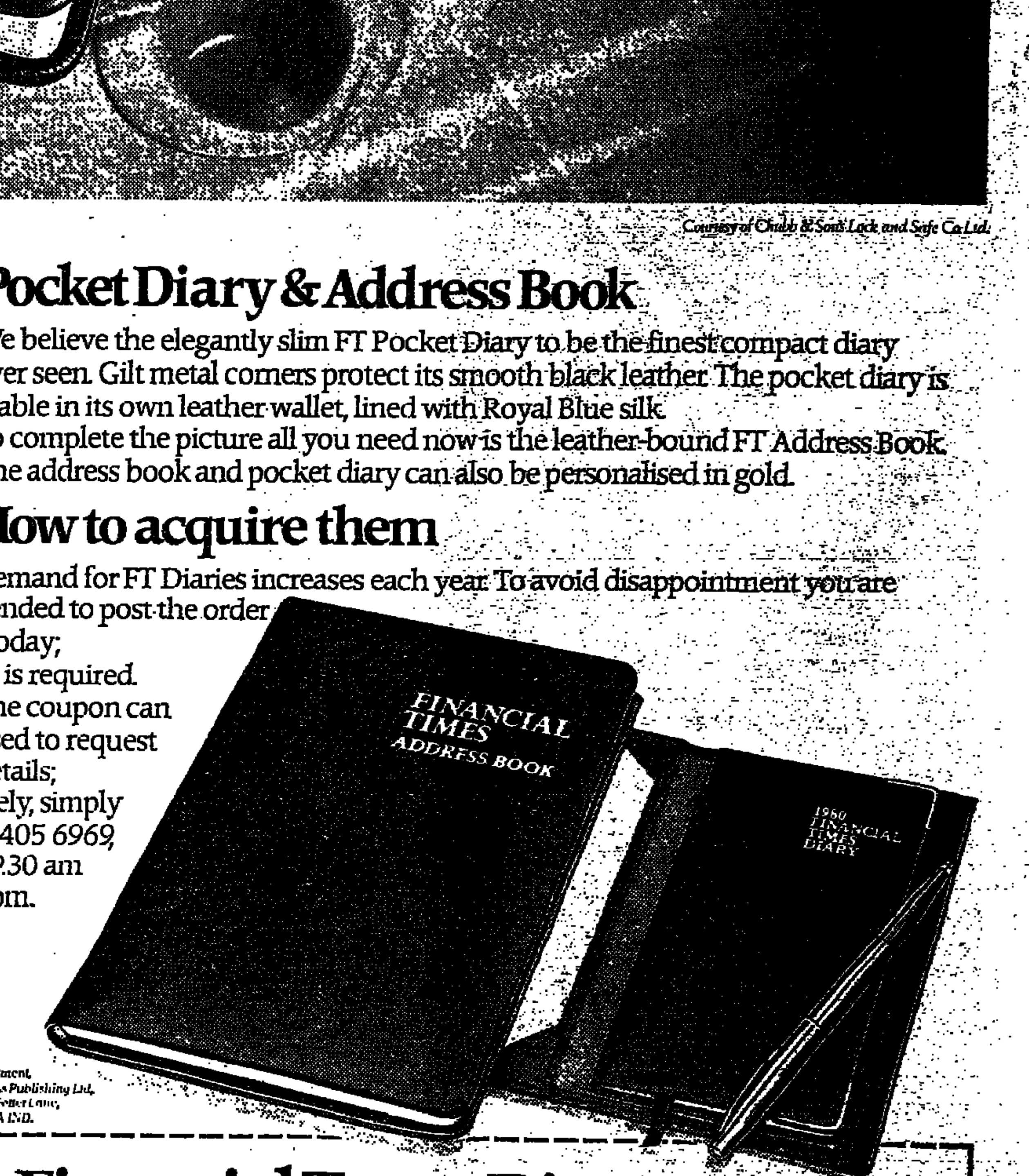

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FINANCIAL TIMES SURVEY

Wednesday August 29 1979

Tropical Agriculture

The world's equatorial belt houses its lushest breeding climate and at the same time most of its underprivileged poor. To correct this imbalance is one of the primary tasks of the better-off temperate zone societies.

Enough for all to live on

y John Cherrington
riculture Correspondent

IS a paradox of demography at the tropical and some sub- ›pical parts of the world ould encompass the world's ›rst examples of poverty, mal- trition and outright misery. gether with large areas of ›ming at its most marginal spite the fact that they possess sources of land and water and climate sufficient to give all eir peoples enough to live and joy a measure of human nity.

But the fact is that the eater part of the world's good ›ming and surplus food pro- ction is in the temperate nes, where conditions for ›ming are often harsher than y to be found nearer the uator. The reasons for this possibly climatic. The softer mates encourage lethargy, the sic needs of clothing and using are nothing like so manding. They are also sub- t to extremes of drought and nfall, pests and disease to an tent unknown in temperate nes.

The tropics have also been subjected to exploitation by European and other interests over the centuries. This started as simple trading and then developed into the plantation systems of growing specialised crops in certain areas. These succeeded remarkably well for a very long time. But they did contain the seeds of the disintegration of the subsistence farming by which the inhabitants of these countries had lived in the past.

If a whole area has been given over to sugar, rubber, cotton or what have you, the basic foodstuffs have to be imported from somewhere else, either in that country or abroad. This immediately imposed a money economy on what had been until then a relatively self-sufficient one.

Then, after some pretty ruthless exploitation, either conscience or expediency led the plantation owners and colonial governments to institute welfare and hygiene for their workers. Immediately populations began to rise, and surplus labour became available for which there was no work. This situation is getting worse by the minute.

This human factor is, I believe, a far more serious problem than the simple technical ones of preventing crop diseases or the tsetse fly. In many of these countries the visitor is shown splendid examples of modern plantation farming or smallholdings, replete with co-operatives, schools and clinics. But these are the lucky ones. They may be on an economic treadmill but they do have enough to eat and something to do.

A few miles away are the appalling shanty towns where literally millions of deprived citizens wait for work that never comes. I have heard administrators in these countries blame the shanty dwellers for having left their rural villages. But although simple subsistence might have been possible once, this no longer is enough. They demand something more from society, and this assisted by the pressure of the increasing birth-rate drives them too the towns.

Cheap

A cynic could suggest that the provision of hygiene should have been held in check until there were sufficient resources to occupy and sustain the rising populations. But welfare schemes are comparatively cheap, and have the advantage of pleasing the consciences of the providers of funds. It is marvellous to read that smallpox, bubonic plague and malaria have been abolished over wide areas, and it is a credit to human ingenuity. But the other half of the equation has still to be met—how to integrate those rescued by this means from destitution and misery.

Of course the ruling factions in these countries do deserve some of the blame. The fact that much corruption and general misgovernment appears to be endemic in these zones cannot be held to be entirely the fault of the West or the sometime colonialists. They may have left a power vacuum when they gave up ruling or allowed their plantation and industry to be taken over. But the new rulers have been in power for at least a quarter of a century. They have had time to do a great deal more for themselves than they have already. But they are also locked in an inescapable straitjacket.

Many, if not all, their resources are agricultural, which occupy large proportions of their peoples. The industrial development of the West was accompanied by a shrinkage of the agricultural population. In fact the Industrial Revolution was paralleled in a number of ways by the rationalisation of agriculture, so that it became much more productive as it had to to make up for the labour lost to the factories.

In the developing world up until now there have only been very limited opportunities for industrialisation on the Western model. True, there are the examples of Taiwan, South Korea and Malaysia which have shown that new technologies can swiftly be learnt and adopted. But the success of these countries has been paralleled by very strong reactions from the Western industrialised nations, which have no wish to add to their dole queues by opening their doors to unrestricted imports from the developing countries.

This is all a long way from the physical problems of tropical farming but it is fundamental to an understanding of its overall complexity. But there is also a further and much more serious factor. The energy crisis has hit the West hard but has had an even more serious impact on the developing economies. The general recession in the world markets has had the effect of reducing the demand for the soft commodities on which so much of tropical agriculture depends, to say nothing of the more luxury products like out-of-season fruit and vegetables.

At the same time the consequent cost increases of mechanisation, fertiliser and all the other essential inputs of agricultural improvement which are dependent on energy—and few of them are not—are on an upward path. They are unlikely to be met by increased returns, at least in the foreseeable future.

The problems of this area, once basically agricultural, are now moving into the political sphere. Can these once largely agricultural economies survive on their present basis at all, when in some respects they appear unable to give their citizens an adequate livelihood? Are the Western nations in a position to sacrifice some of their industrial advantages, and really share them with their less fortunate neighbours? It is an issue of fundamental importance to future world development which has until now been largely ignored.

There are, as in so many human dilemmas, several possible solutions both political and economic—and one which is listened to in many of the developing countries is the siren voice of Communism. The successes of European Communism in the agricultural and economic fields are not particularly obvious. But the Chinese claim—and visual evidence supports them—to have been able to clothe and feed a quarter of the world's population on land which many would have believed inadequate for a third of that number.

Whether the Chinese people will be able to endure for long their low living standards without protesting is impossible to say. But such considerations will weigh little with the increasing populations of the favellas, the barrios, the shanty towns and slums which appear to be the concomitant of tropical agricultural and other development on present lines.

Producers at the mercy of distant markets

THERE IS no doubt at all that the immediate problems of hunger and malnutrition in the developing tropical and sub-tropical countries could be relieved by the applications of known techniques to present resources of land and labour. A case in point is the Pvebla project, on the slopes of Mount Popacrapelt near Mexico City. Here a team from the Rockefeller Foundation — made up almost entirely of Mexicans —has shown the peasants how to achieve, by the simple application of known methods of husbandry and rotation and the provision of some credit for seed and fertiliser, dramatic increases in yields of the main crop, maize.

The holdings are small, and are the result of a measure of land reform which followed the Mexican revolutions by which the huge private estates were broken up and divided among the peasants. In terms of output the scheme has worked. No tractors or sophisticated machines have been used. But subsistence is not enough, and the area lacks an export crop of sufficient value to maintain the tiny holdings. There is no doubt though, that this could be replicated in most problem areas.

But even in areas of the world where the higher value crops like coffee, cocoa, rubber, etc., can be grown they suffer the disadvantage of the instability of all commodity markets. Because supply is determined by the weather its quantity cannot be accurately forecast and demand is also dependent on many factors outside the growers' control. The present energy-induced recession in the developed countries is making for a fundamental reduction in demand.

This factor also makes improvements in production counter-productive. It is not much use raising the output of these soft commodities if the only result will be a fall in overall prices.

Preserve

The situation is made worse for the producing countries because many of their products are exported in the raw state and further processing is the preserve of the importing countries. A striking example of this is the export of round wood timber from West Africa which could well be sawn there and exported in a semi-finished form.

This is an important point because the higher the value of the product, the lower its proportionate freight cost. But processing requires investment by the developed countries, and this investment would be at the expense of vested interests and probably employment in those countries. In economic terms the tropical countries are still at the mercy of the importers, unless accidentally or on pur-

CONTINUED ON NEXT PAGE

Quest for stability in world prices

A GLANCE at the wild price fluctuations on the world markets for cocoa, coffee and sugar during the past 10 years shows just how erratic returns on these crops can be. Many developing countries in the tropics are dependent on these crops for the bulk of their export earnings, so it can be seen why they are so keen to bring some sort of stability into world commodity markets.

At present forward planning can be a nightmare for countries relying on exports of primary products as a mainstay of their economies. They have to deal not only with unpredictable weather but also with equally unpredictable movements in market prices that can turn expected profits into heavy losses.

The problem is compounded by the fact that with many tropical products there is a long gap between planting and final production, which involves a large element of risk when deciding on investment to expand output and processing capacity. Since it is equally important for consumers that there should be sufficient supplies of raw materials available, it makes good sense for them to co-operate in helping to provide producing countries with a guaranteed minimum income. Unfortunately this is easier said than done.

The main mechanism favoured at present for stabilising commodity prices is international agreements between leading exporting and importing countries.

Protect

The objective of these agreements is to protect producers against abnormally low prices by fixing a minimum (floor) price for the commodity based on the break-even cost of production. At the same time, mainly as a sop to consumers, a maximum (ceiling) price is also decided. The ideal situation is for the market price to be at the mid-point between the floor and ceiling—a level considered to be fair and reasonable both for producer and consumer.

A variety of measures is then used to try to ensure that prices stay between the floor and ceiling levels.

The main weapon is the creation of a buffer stock, which is supposed to buy up supplies in times of surplus to prevent the market falling below the floor price and disburse any holdings it may have in times of shortage to stop prices rising above the ceiling level. One obvious weakness that is a source of considerable discontent to consumers is that while money can usually be found to stop prices falling too low it is normally impossible to obtain surplus supplies to prevent values rising above the "ceiling" in times of scarcity.

Quotas

The same weakness applies to the supporting weapon for the buffer stock — production or export quotas to limit supplies available to the market during times of surplus. Like the buffer stock, quotas are really only effective in dealing with surpluses, not with shortages.

Nevertheless, since the prime objective of the commodity agreements is to protect the earnings of the poorer developing countries dependent on exports of primary products, there is not too much concern at them being weighted in favour of the producing countries.

So much for the theory. But what has happened in real life has been rather different. Only one commodity agreement—that for tin—has operated successfully for any lengthy period of time and even that has been heavily criticised. The international coffee agreement did control the world market to some extent for 10 years but is now in disarray. The cocoa agreement, after 15 years of hard negotiation, has still not been tested. The international sugar agreement too has so far failed to achieve its first objective of raising prices to a reasonable level let alone controlling the market.

Bitter experience has revealed all kinds of difficulties with international commodity agreements. The first hurdle is to agree on what are realistic prices. Many consuming countries see the demands for stabilisation from producers simply as another name for fixing prices at an artificially high level. It is extremely difficult to decide what is a fair price, since production costs vary widely from country to country. One country, for example, may be able to produce sugar reasonably profitably at £175 a tonne, but others need a price or nearly £300 just to break even.

It depends on the investment in the industry, labour costs, land suitability and the size of taxes imposed by the local government. Seeing the example of the EEC, consumers are extremely reluctant to agree a *minimum price that is too high*, thus encouraging inefficient producers to remain in business.

Then there is the question of market support measures. Many experts believe that the buffer stock operation is a costly and ineffective way of controlling prices. They argue that the creation of a big surplus stock basically depresses the market since consumers know it is there and are encouraged to keep their working stocks at a low level, thus passing the burden of stock financing to the agreement.

At the same time knowledge that the buffer stock will be forced to intervene at certain price levels is a useful weapon for traders operating in the commodity markets. As mentioned previously, the buffer stock can really only properly defend a floor price, and quickly loses control of the market when a shortage situation develops.

Above all, a buffer stock-based commodity agreement does little or nothing to help a country suffering from a loss of earnings because of a reduced crop because of weather or industrial disputes. A much better solution say opponents of buffer stocks, is that instead of wasting money building up expensive surpluses producing countries should be compensated for loss of export earnings when the market goes against them.

The battle for and against buffer stocks has been fought mainly around the negotiations over the proposals of United Nations Conference on Trade and Development UNCTAD) for an integrated commodities programme.

At the heart of UNCTAD's proposals for a series of international agreements covering "core" commodities of most importance to developing countries is the controversial plan for a giant common buffer stock fund, from which the individual agreements could draw financial support when required. After several years of bitter wrangling it was finally agreed in principle last March to set up the common buffer stock fund, although it still remains to be seen how soon this can be put into practice.

But during the negotiations the concept of the common fund has greatly changed, mirroring the doubts about the effectiveness of buffer stocks and commodity agreements. For a start the common fund has been greatly reduced in financial size from the original proposal of over $6bn to $750m.

Of this $750m only $300m will be devoted to financing buffer stock activities (known as the first window) and $450m will be assigned to the second window—research and development, market promotion and other related activities aimed at boosting the commodity exports of developing countries.

The change in emphasis reflects the failure to reach agreements for several vital commodities and the doubts that a buffer stock mechanism is the right way to stabilise the markets in many cases.

It may well point the way to future attempts to control commodity earnings. Instead of trying to regulate free market forces, it is felt more might be achieved by promoting and improving the commodity in question so that it is more easily sold, particularly against man-made substitutes.

However, this is a long way off yet, and would do little to help developing countries stabilise their export earnings except by diversification into other crops where possible and improving yields and methods of production.

Practical

A practical way to help developing countries is the Lomé Convention between the EEC and the African-Caribbean Pacific countries. The Stabex scheme works on the principle of compensating exporting countries for loss of earnings when the markets, or the weather, turns against them.

However, Stabex is on a very modest scale and the developing countries are naturally resentful about their dependence on the EEC, whose attitude in negotiations about the terms is on occasions far from sympathetic.

Primary producers point out that the industrialised world needs the raw materials provided mainly by developing countries and should be prepared to pay an adequate price. If they do not, they are not only consigning a large number of people to near starvation but are also cutting their own throats in encouraging militancy among producers to form cartels (such as OPEC).

International commodity agreements were seen as a means of avoiding this kind of confrontation. But at present they are playing a more useful role in collating and disseminating market information than in controlling prices.

John Edwards
Commodities Editor

Producers

CONTINUED FROM PREVIOUS PAGE

pose a shortage can be created which pushes up prices. But unlike oil, which can be left in the ground as an ultimate sanction, tropical produce is perishable and must be used within a comparatively short time.

It is particularly galling for the organisations which have built up some remarkable co-operative marketing systems in many of the developing countries to find that the final sale of their products is completely dependent on the movements of a market thousands of miles away over which they have no control. There have been attempts to institute commodity agreements (some are detailed in another article), but there is no doubt that the success in the field of price manipulation by the OPEC countries is very much envied by those not so fortunately placed.

Investment interests are also sceptical of the continuing stability of many developing countries and do not wish to see their assets nationalised by government or subject to changes over which they can have little control. This is an understandable position in view of past history, but some means will have to be found of advancing the industrialisation of those countries which have no other resources but those of agriculture.

Of equal concern has been the protection being given in the U.S. and EEC to home production of sugar, certain oil seeds and other produce. Former colonies of EEC members are given favoured treatment for sugar and some tropical products under the Lomé Convention, but while this gives those countries continuing access, it effectively denies it to other non-ex-colonial exporters.

The EEC has been particularly attacked by some countries because its exports of sugar are aggressively subsidised to meet the world price, which is about 40 per cent of the Community level. It is true to say that many sugar exports from the Third World are sold at special prices under the Lomé Convention and other agreements. But substantial amounts are traded at the world price. European and U.S. Governments are under strong pressure from farming lobbies to reduce the advantages given to tropical producers.

Even more concern is being expressed by the EEC about the import of tapioca, mainly from Thailand, which enters the Community under a reduced levy and is used as an animal feed. This is undermining the sale of barley for the same purpose and the EEC Commission is seeking to block any increase in these imports. This is a particularly interesting issue of principle, as the tapioca is processed for export by facilities financed by the main importers, Dutch and German.

Mounting

Over the past ten years there has been a substantial increase in palm oil production, a crop well suited to the tropics; at the same time the development of soya and other vegetable oils is expanding in more temperate climates. Although there is no actual ban on palm oil imports into temperate countries pressures are mounting against them which may in certain countries be followed by action.

It does look as though the producers of tropical agricultural products will have to fight hard to defend their economic futures, let alone to expand their share of what markets there are.

John Cherrington

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Soyabean tops

VEGETABLE OILS

..OVERWHELMING domi-
m of world vegetable oil
uction by the soyabean
ers—led by the U.S.—
y illustrates the dilemma of
traditional oilseed farmers
tropical and sub-tropical
ns. From a lowly 300,000
es at the turn of the cen-
output of soya oil last year
ned an estimated 12m
es. Production of palm oil,
the other hand, starting
around the same base,
ned only 4m tonnes.
e U.S. leads soya produc-
with annual bean yields
ing 50m tonnes. China, the
tional "home" of this most
itive and flexible of crops,
been virtually standing still
ie past decade, with annual
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es.
azil, a relative newcomer,
recently emerged as the
nd most important pro-
er. Despite problems with
ght damage the 1979 crop
xpected to yield some 11m
es of beans.
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going to slow down appre-
ly in the foreseeable future,
hat Brazil's emergence as a
or new power in this market
going to be seriously ham-
ed in the long run, the
culties of tropical oilseed
ducers are *unlikely* to be
eved significantly.
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ket at its feet, and while
a oil is not yet suitable for
consumers' purposes, new
nology has helped ensure
soya can to some extent
substituted for most other
etable oils.
part from the marketing
ngth of the U.S. industry,
pical producers are also
ling the effects of political
ression in North America.
a and cottonseed growers in
U.S. have been applying
ssure for years in a bid to
competition from palm oil.
The effects in the market
ce are plain. In 1975 the
S. imported 480,000 tonnes of
lm oil. Last year shipments
re *down to 160,000* tonnes.
Another serious blow was
uck in May last year when

the U.S. Department of Agriculture told the National Cottonseed Products Association that the Government would no longer support loans through international funding organisations such as the World Bank for further palm oil development. "We do not feel obligated to provide any money to countries abroad to develop the production of any commodity that is in over-supply," a senior spokesman said.

This struck home particularly in Malaysia, which has recently overtaken Nigeria as the world's biggest palm oil producer and where there are ambitious plans for expansion.

National planners have decided that palm oil should become Malaysia's main agricultural product. Export earnings from the crop last year equalled those from the present leading crop, rubber. Mr. Paul Leong, Primary Industries Minister, wants to see the country's output raised *from an estimated 1.9m tonnes* this season to 4m tonnes in 1985 and 5.5m tonnes in 1990.

Insistence

Other difficulties facing oilseed producers in the developing world, not just the palm oil exporters, include the growing insistence among buyers in the industrialised countries that their imports should come in crude form. This is in direct conflict with the policy in most producer countries that the extra value from refining and other processing should be added in their own factories.

After palm oil, rape or colza has emerged as the world's third most important vegetable oil. *Growth has been relatively* slow over the past 50 years but rapid expansion in Canada has added a spurt to production. Again we see the picture emerging of an industrialised Northern Hemisphere country expanding output while output in the traditional leading producer, India, has stagnated.

Now that difficulties with some of the more undesirable elements in the oil have been overcome by sophisticated plant breeding techniques, production in Western Europe seems set to take off. In the past the use of rape oil for cooking and in other food applications has been hampered by its high erucic acid content and other elements producing "off" flavour. Expansion is still being hindered, however, by the unsuitability of rape meal—left after oil crushing—for extensive use in animal feed.

World groundnut production has doubled in the past 50 years, although expansion has slowed in the past 20. Trade in meal, the by-product of the oil crushing process, is limited by health laws in some countries. The oil faces stiff competition from soya, cottonseed and sunflower oils—all grown in the U.S.

Nigeria, once a leading producer and exporter, has not sold any groundnut oil abroad since 1975 and is now beginning to import it. This change, however, is as much a result of recent political upheavals, industrialisation and rural depopulation of the country as competition from substitutes.

Groundnuts remain a vital crop, however, in countries like Senegal and Sudan. South Africa is also rapidly expanding its production, while there is still enormous potential for increases in output in India if newer varieties can be introduced. India is already by far the biggest producer in the world and its crop of more than 6m tonnes this year contrasts sharply with the 1m to 2m tonnes produced in the other major growing countries.

Poor oilseed varieties and unreliable weather, however, lead to periodic shortages of oil there. Last year, for example, the sub-continent's output of edible oils fell almost 1m tonnes below requirements.

So long as the meal trade is inhibited by health problems and so long as only limited quantities of ground nut oil enter into world trade, there appear to be great opportunities for expansion. But the warning signs are already apparent. The U.S. Department of Agriculture warned recently that "crushing peanuts are expected to face stiffer competition in the world oil market from U.S. sunflower seed."

The message appears to be that as long as oilseed industries in the developing world do not impinge on the world market dominated by U.S. farmers they can expect little interference with plans to expand. Among nations seeking exports and foreign exchange earnings the indications are that they would be better off producing some other, less contentious commodity.

Chris Parkes

WORLD PRODUCTION OF MAJOR VEGETABLE OILS
(000's tonnes)

	1910*	1930*	1947*	1952*	1957*	1962*	1974	1976	1978
Soya	300	920	1,602	2.183	3.407	3.929	8,325	9.128	12.000
Groundnut	643	1,625	1,708	1.799	2,619	2.973	3,183	3,252	3,494
Maize	45	90	105	133	155	186	297	410	455
Rape	1.080	1.018	1,468	1.576	1,219	1,246	2,713	2,269	3,562
Coconut	750	1,455	1.382	1.869	1,999	2.094	2,918	3,059	2.974
Palm kernel	150	270	340	403	428	413	497	543	630
Palm	280	472	618	956	1,047	1,003	2,900	3,368	3,970
Sesame	500	560	506	562	454	478	603	590	628
Sunflower	120	402	702	908	1,287	1,438	3.989	3.730	4,607

* Four-year averages.

Sources: Unilever and USDA.

Derivatives

SUGAR

MUCH HAS been made of the prospects for turning sugar into alcohol as a replacement for oil as an energy source. The argument is that sugar is a renewable source of energy that could, and should, be used to replace the diminishing supplies of oil.

The main impetus has come from Brazil, where a big drive is under way to increase alcohol production from sugar.

The initial objective is to include 20 per cent alcohol in petrol used for cars, which can be done without any engine modification. Cars which can use 100 per cent alcohol fuel are also being tested.

The whole idea *seems* very promising and investigations into the manufacture of alcogas from sugar, and other tropical products, are under way in many countries.

Extra stimulus has been given by the fact that sugar prices are very depressed while the cost of oil is rising fast. However, as with so many ideas of this kind, it is not as simple as it seems. Despite the rise in the cost of oil, it is still not economically justified *in most* countries to turn sugar into alcohol.

In special cases, like Brazil, which has an urgent need to cut its imports bill and save foreign exchange, alcohol from sugar can be justified as a benefit to the nation as a whole.

But even more important is the fact that Brazil has the land available to grow the quantity of sugar required. In other words Brazil has the spare land which is not available in most other areas of the world. It should not be forgotten too that the production of more sugar requires increased energy input in the form of fertilisers, pesticides and normal farming requirements.

The creation of alcohol-processing capability is also capital-intensive and requires a stable source of raw material supply. So no project can be undertaken lightly. The turning of sugar into alcohol used to be a desperate last resort for disposing of surplus supplies. While the rise in oil prices, and the fall in sugar prices has transformed the picture at present, it could be argued that sugar prices cannot remain at these depressed levels for much longer. Indeed market sources are predicting that there is no way a new world shortage of sugar supplies can be avoided if present trends continue.

The depressed prices have brought investment in new production capacity to a standstill, while consumption is now growing strongly again especially in developing countries.

Even without any crop disasters it is predicted that demand will exceed production in the forthcoming season and that the huge surplus stocks will be eroded within the next two to three years. Maize-based sweeteners (isoglucose) have captured a large share of the U.S. sugar market, and present a constant threat. But elsewhere in the world they have made little progress so far, and in any event are being offset by the increasing use of sugar for industrial purposes—not only by conversion into alcohol but also into chemicals and pharmaceutical products.

The main depressant on the world market at present is the dumping of huge quantities of surplus EEC beet sugar, with the aid of big subsidies aimed at bridging the gap between the high price guaranteed to EEC growers and the world market.

So far the Common Market has managed to fend off the growing barrage of protests about the way it is reckoned to be undermining the livelihood of developing countries—partly because it imports some 1.3m tonnes of cane sugar from developing countries under the Lome Convention. But pressure

CONTINUED ON NEXT PAGE

Problems of the oil crisis

RUBBER

THE OIL crisis has set a classic "swings and roundabouts" problem for those whose business it is to forecast future trends in the natural rubber market.

Oil is the basic raw material for the manufacture of synthetic rubber, so a rise in its price inevitably tends to improve the competitiveness of the natural product. But the massive oil price rise seen recently, and the cutback in supply, has threatened to plunge the world into a major industrial recession which may well have an even greater impact on demand for natural rubber.

Some influential forecasters have predicted that rubber prices will rise sharply in the second half of this year in response to reduced supplies and higher synthetic prices. These predictions have prompted speculative buying which has resulted in brief price upsurges but with professional traders remaining highly sceptical the overall trend has been downwards for the past few months.

In June ContiCommodity, a subsidiary of Continental Grain Company of the U.S., forecast that prices would rise 25-30 per cent by the end of this year. This would mean a physical spot price for RSS No. 1 rubber of between 81p and 97p a kilo. A more modest increase was predicted a few weeks later by the Economist Intelligence Unit. The ECU thought the RSS No. 1 spot price would rise to about 75p a kilo.

But even the ECU figure now appears wide of the mark. The spot rubber price, which stood at 65p a kilo at the time of the Conti forecast, has since fallen to 57.5p and shows little sign of rising.

Apart from the rising synthetic price Conti based its forecast on the assumption that world rubber consumption this year would be 3.85m tonnes, exceeding estimated production by 115,000 tonnes and reducing world stocks to their lowest level since 1968.

"I believe this assumption is fundamentally wrong," a leading London trader said at the time. "On present indications production this year should be enough to satisfy demand and a modest drop in prices by the end of the year seems on the cards."

So far at least events would seem to have proved him right, and his view of the situation is now widely shared.

A recent report by ACLI Rubber Company of New York states that the international rubber markets are at last "taking into consideration, at least to a greater extent than before, the fundamentals that should affect the market's behaviour over the next several months."

ACLI noted that the speculative element has been dominating the market, causing sharper reactions to "bullish" rumours than to "bearish" news. "We now discern more sharply accentuated downward reactions," the report says, "while upward moves are more gradual."

Predictions of a production shortfall were based on projections which did not foresee any economic, oil-price-based slowdown in manufacturing activity, ACLI notes.

Great stress is laid on changes currently taking place in U.S. driving habits. America accounts for 20 per cent of world natural rubber consumption and 75 per cent of that is accounted for by the tyre industry.

Americans are using their cars less, so they are wearing out tyres more slowly. Many are driving smaller cars which require smaller tyres. Furthermore, in an effort to decrease weight, more cars are shod with cross-belted tyres which use a smaller proportion of natural rubber.

Before the recent fall the rubber market had been fairly strong, reflecting an unusually severe drop in production during the winter and continuing demand in the U.S., China and the Soviet Union.

Ironically this strength had begun to cause concern in producing countries as well as among cousumers. The recent easier trend has been received with fairly general relief.

In Kuala Lumpur market operators were beginning to feel nervous about the spiralling prices, which had lifted them to historically high levels. They feared that if the rubber price "balloon" were to burst, rather than just gradually deflate, prices could fall as sharply as they had risen.

"The price increase is welcome," one KL dealer commented at the time, "but the sharpness of the increase must be viewed as unhealthy."

There were doubts in the East that the upsurge had been justified by purely fundamental factors and many traders believed it was largely the result of a strong technical "squeeze" as operators battled for control of the market.

There were also suspicions that the strong U.S. demand at that time partly reflected purchases by tyre companies to enable them to rush production in anticipation of strikes later in the summer.

Richard Mooney

The West's role today

THERE IS always something exciting about large projects growing cash crops in developing tropical countries. The straight lines of irrigation canals and the sheer bulk of factories, often seen from the air after hundreds of miles of scrub or untidy looking subsistence plots, are indications of vision, commitment and somebody's very hard work.

Formerly these schemes, producing such crops as sugar, tea, palm oil, rubber or cotton, were either implemented by colonial civil servants—in the case of the Gezira cotton scheme in Sudan, for example—or by big plantation companies like Dunlop or United Africa Company (UAC), the Unilever subsidiary, channelling the output into their marketing and manufacturing systems in the West. Now there are virtually no colonial civil servants left, while the role of the plantation companies has been curtailed as the political ground rules in most Third World countries have changed.

Instead a small group of Western companies with the capacity to implement, equip and manage new projects, and a rather greater number of specialised consultants, are usually responsible for tropical cash crop schemes, large and small. Their main contribution is management; if they take an equity stake at all it will usually be small. Generally most of the funds for such schemes are put up by aid donors and concessionary finance institutions in loans or equity, while the host government usually has a majority stake. Considerable emphasis is placed on training local nationals to take over from Western expatriates. And if things go wrong the reason is as likely to be political as technical.

In Britain four of the best known organisations involved in this kind of operation are Booker McConnell, Tate and Lyle, Lonrho and the Commonwealth Development Corporation. Of these only the first two have the capacity to implement and equip most projects almost totally from within the group itself and in both cases this ability stems from the companies' previous involvement in plantation agriculture. Booker McConnell's big sugar estates in Guyana were nationalised in 1976 but Bookers was already involved in evaluating and implementing projects for others. The division of the group responsible for this is Booker Agriculture International (BAI), which has handled well over 100 jobs, large and small, this decade.

BAI sees its work in three categories. First it functions as an agricultural consultant, studying and advising on schemes and possibilities much like other consultants but with the difference that it is capable of implementing—and is always prepared to implement—its own reports. Secondly, it provides management and technical services to projects where it does not have a corporate management role. Thirdly, it implements whole projects under management agreements, with or without an equity stake in them, but always earning a fee and a profit-related bonus or commission.

Estate

For example, BAI is implementing a big sugar scheme, the Middle Juba project, in Somalia—an estate designed to produce 50,000 tonnes of sugar a year from 6,000 hectares of irrigated cane. Despite big physical problems in implementing this scheme, which is financed by Arab aid agencies, it is broadly on schedule for the start of production next year and BAI will be continuing to manage and develop it after completion of the first stage. The factory is being supplied and built by Fletcher and Stewart, Booker McConnell's engineering subsidiary.

In neighbouring Kenya BAI runs the Mumias Sugar Company, which combines an estate and smallholder cane producers in one of the most successful sugar schemes of its kind in the developing world. The estate forms the nucleus, to justify the capital investment, but the majority of the cane is grown by the smallholders. Altogether some 11,500 farmers were cultivating cane at Mumias last year and the estate also employed some 3,650 permanently. Having produced 92,500 tonnes of sugar last year Mumias is being expanded to produce 180,000 tonnes a year by 1980. Booker McConnell has an equity stake.

BAI's main rival is Tate and Lyle Technical Services (TLTS). Tate and Lyle still owns almost the whole of a sugar estate in Belize and has stakes in estates in Zambia and Swaziland, but like Bookers its role as a plantation company is being transformed. TLTS has an impressive list of completed and current projects and claims to have an advantage over BAI in having a large marketing structure which enables it to trade the products of the schemes it is involved in. Tate and Lyle is also strong in research, especially into the development of power alcohol, a sugar by-product which could transform the energy supplies of developing countries.

TLTS recently completed the Ferkessedougou II sugar plant for the Ivory Coast Government under a turnkey contract and is implementing the Simunye scheme in Swaziland as management contractor for the Royal Swaziland Sugar Company. Tate and Lyle is supplying the milling equipment, but won the contract at international tender. Though some of the bigger ventures in which both TLTS and BAI are concerned are in sugar, they are also heavily involved in developing other crops.

The Commonwealth Development Corporation is a unique organisation, owned by the British Government, with a great chain of disparate enterprises all over the developing world, mainly but not exclusively in Commonwealth countries. Its assets range from stakes in hotels to power supply companies and it is a provider of capital to many different enterprises, almost invariably in joint venture with other concerns. Like Bookers and Tate and Lyle, with which it often works closely, one of its key functions is as a supplier of expertise.

CDC is, for example, a shareholder in the Mumias scheme; it is implementing a big project, the Savannah sugar project, on behalf of the government in Nigeria; and it is involved either through equity stake or mangement or both in livestock, timber, tea, citrus, oil palm and cocoa. Perhaps its star project is in Swaziland, where it manages the Swaziland Irrigation Scheme growing sugar, grapefruit, oranges, rice and cattle-ranching. The sugar cane is sold to the CDC-run Mhlume mill which grows 40 per cent of its own sugar cane requirement and takes part of the rest from outgrowers on the Vuvulane Irrigated Farms—a settlement scheme of small farms of up to 6.5 ha each. CDC also runs a management training centre as part of its Swaziland complex.

Lonrho now gives far less public emphasis to its agricultural activities than it did but it is still heavily involved in tea, oilseeds, livestock, leather tanning and—biggest of all—sugar. It produced 320,000 tonnes in 1978 from plants in Mauritius, Malawi, South Africa and Swaziland, and is implementing a new sugar project in Benin (in which it has a 5 per cent stake). It has also been implementing the Dwangwa project in Malawi, in which CDC has a stake.

Removed

Formerly it managed the vast Kenana sugar project in Sudan but after a series of difficulties the Arab shareholders removed its management contract. It still has a small stake and a seat on the executive committee of the shareholders on this scheme, which should begin producing sugar, nearly two years behind schedule, at the end of the year.

A range of specialised British consultants are involved in tropical agriculture, ranging from Hunting Technical Services (which does an enormous amount of survey work and feasibility studies to Sir Murdoch Macdonald and Partners, which has tended to specialise in irrigation. On a small scale Knight Frank and Rutley, better known as the UK estate agents, is expanding its roles in preparing feasibility studies) and implementing projects in Africa—notably in Nigeria where private sector investors need help in drawing up schemes to take advantage of soft loans to farming.

There are no simple criteria for judging the success or otherwise of schemes in tropical agriculture. One developing country's needs and assets differ from anothers. There are broadly three types of big cash crop scheme: first, the plantation or estate where the land is under the ownership or the complete control of a central management which runs a factory and employs labourers; second, the settlement scheme where farmers are brought in from elsewhere to produce both cash crops for a central plant and subsistence crops for themselves; and third, the smallholder schemes where existing peasant farmers produce at least partly for a central factory.

Productivity per unit area may be higher on an estate than on settlement or smallholder schemes, provided management is effective and labour can be hired easily. On a sugar estate it should be easier to maintain quality of output with a centralised management system, since this usually involves greater technical knowledge and faster implementation of remedies for problems.

Instincts

But provided the smallholder can be adequately controlled and organised his natural acquisitive instincs may encourage him to maximise output and quality. This is certainly the case among the sugar outgrowers at Mumias and in Kenya's successful smallholder tea schemes in which CDC is involved. The criterion of productivity per family is less easy to assess.

The type of scheme adopted depends on the objectives of the local government; if it has to provide employment for a large population a smallholder scheme may be the answer. At Mumias the farmers were already on the land, the agriculture is rainfed, the soils drain well and the poorer and more difficult soils are taken by the estate, which runs the mill. In Somalia, on the other hand, BAI's Middle Juba cheme is in an area of complex soil structure, irregular rainfall, sparse population and in one of Africa's poorest countries. There the Somali government decided that an estate was the answer.

The fact that many agro-industrial schemes around the world are often partially broken down or operating far below capacity shows how important it is to both to assess a project correctly in the first place and to adopt the best method of managing it. Though the rhetoric of international conferences of third world countries tends to run against the western agricultural management companies, in practice more countries are showing a hard-headed appreciation of the need to balance nationalistic fervour against the practical need to earn foreign exchange efficiently. Those countries which embraced pragmatism from the start—in Africa Kenya, Malawi and Swaziland are among the obvious success stories—are now enjoying the benefits. Others have still to catch up.

But given the sensitive political background against which they operate Western companies have to be exceptionally tactful and patient. A developing country's concept of how it wants a scheme to be run may change half way through implementation, bureaucracy may turn out to be worse than had been thought, the agreed number of expatriates may not actually get the work permits they need from the Immigration Department, there may be a shortage of indigenous trainees, and worst of all the flow of money from the financing concerns may be erratic—the story of the Kenana project in Sudan is a good example of this. The western management companies are always learning, so too are the developing countries.

James Buxton

SUGAR

CONTINUED FROM PREVIOUS PAGE

is building up within the EEC against the spending of huge sums (an estimated £400m this season) on sugar export subsidies. So when the common beet policy is reviewed this year there will be proposals aimed at cutting back excessive production and costly exports.

At the same time the EEC will be under equally strong pressure to join the International Sugar Agreement, once it has been ratified by the U.S. as seems likely later this year. A cutback in EEC subsidised exports could have an important impact in restoring world sugar market prices back to economic levels.

Loyally

The International Sugar Agreement, if it can successfully bring some stability back into the market, could also play a big part. Despite the failure of the agreement to lift prices to even the minimum level of 11 cents a pound, producer member countries have stuck loyally to the severe export quotas imposed. Once the U.S. Congress can be persuaded to approve ratification of the International Sugar Agreement funds should be made available to help poorer countries finance the additional reserve stocks they are holding as a result of the quotas.

But even without that aid, it seems very likely that the 10-year boom in the sugar market noted in 1963 and 1973 could well be repeated in 1983, as demand once again outstrips supply.

John Edwards

Silver at record level

By John Edwards, Commodities Editor

SILVER PRICES reached new all-time peaks in London yesterday. The new rise, after the upsurge last week, was attributed to the increase in gold, and London markets catching up after the holiday closure with a strong advance in the U.S. markets on Monday.

The London bullion spot quotation at the morning fixing was lifted from Friday's record level of 438.65p to 442.75p an ounce. The dollar equivalent at the fixing was put at 994.90 cents, although there was trading at over $10 for the first time ever in early dealings.

Values eased slightly in later trading on profit-taking sales, encouraged by a decline in New York and the rise in the value of sterling. The Metal Exchange cash price closed at 41.7p an ounce, 4.05p up on Friday's close.

Copper, and other base metals, were also hit by the firm trend in sterling. Copper opened higher boosted by an unexpectedly large decline in warehouse stocks. They fell by 1,250 to 163,125 tonnes.

Lead prices too were depressed by a rise of 1,200 ... in warehouse stocks raising holdings to 25,325 tonnes ... confusion was created ... first stocks figures show... rise of 775 tonnes, whi... then corrected to the ... figure.

Tin stocks rose by ... 840 tonnes and nickel ... 6,240 tonnes. Aluminium ... fell by 1,900 to 15,350 ... by 825 to 54,925 tonnes ... silver holdings dro... 340,000 to 16,860,000 ...

Dairy herd rises despite pressures from Brussels

BY CHRISTOPHER PARKES

THE SIZE of the English dairy herd increased last year despite strong political pressures for a reduction from the Common Market and in spite of the loss of large numbers of milk producers tempted out of the industry by EEC subsidies.

The June farming industry census, published by the Ministry of Agriculture yesterday, shows that the number of cattle in the national dairy herd was 2.94m head, 6,000 more than in June last year. There was also a 3,00-head rise in Wales.

While the total potato area fell 7 per cent, reflecting concern over imports now the national ban on maincrop imports has been scrapped, the area sown to sugar beet rose 2 per cent.

The decline in the industry's workforce accelerated during the year under review. The number of regular full-time workers fell by 6(700 (4.4 per cent) compared with 4,000 the year before.

And the tendency for the ...mber of farm tenancies to ... highlighted in Lord ...'d's recent report on ...ship, is continuing. ...land rented fell ... (2 per cent) ...le the area of owner-occupied land rose 61,000 hectares (1 per cent).

Farmers claim, however, that egg prices are still below the cost of production and at present there appears little incentive for expansion. They are also concerned about the rapid and continuing increase in the Dutch laying flock, and the impact on the UK market of imports from Holland.

The overall contraction in the livestock industry has been to some extent offset by expansion in arable farming. The grain acreage rose 2 per cent mainly by virtue of a 9 per cent rise in the area sown to wheat.

For the first time, the Ministry has produced split figures on the pattern of barley growing. They show that last autumn growers planted 565,000 hectares of winter barley compared with 1.236m hectares of spring varieties.

The beef herd, however, continued to decline, falling by 25,000 head or almost 4 per cent, after showing some signs of a recovery last December.

Pig farmers, too, are showing the strain. The total breeding herd, although 1.8 per cent higher than in June 1978, was 1.2 per cent lower than in December.

The effects of almost two years of low egg prices are clearly shown in a 10 per cent reduction in the number of laying hens on farms. And figures produced since the census was taken show that chick placings have continued to decline.

There is some concern in the industry that next year Britain may become a net importer of eggs, although the national laying flock could easily and rapidly be brought up to strength.

THE FIRST apparent cost-saving cuts in the Ministry of Agriculture, apart from the ban on recruitment, are to be made in the statistical services.

Twice-yearly censuses on labour and livestock are to be scrapped and the Ministry said the abolition would result in a reduction of about 60,000 in the number of inquiry forms sent to farmers.

Apart from the cost of postage, the Ministry expects savings in computer time and handling charges. Other sampling methods are also being reviewed.

Stronger sterling hits cocoa

By Our Commodities Staff

THE RENEWED strength of sterling prompted a sharp fall in cocoa values on the London futures market yesterday.

Nearby positions fell the £40 permissible daily limit during the afternoon and the December quotation ended the day £41.5 lower at £1,412.5 a tonne.

Dealers said the decline was also encouraged by hedge selling against producer sales in the absence of manufacturer buying. Chart and stop-loss selling also helped to push prices lower.

In Accra, Ghana's commissioner for cocoa affairs, Mr. Kwame Afreh, said his country lost 50,000 tonnes of cocoa through smuggling into neighbouring countries last year.

He described the smuggling as "a social cancer." The world price was about £1,700 a tonne at the time, he added.

Early last month, Mr. Kwame Pianim, chairman of the Ghana Cocoa Marketing Board claimed cocoa smuggling losses over the last main crop season amounted to only 18,000 tonnes compared with 35,000 in recent seasons.

On the London coffee futures market yesterday, the November quotation gained £26 to £1,846.5 a tonne. Dealers said the rise was mainly due to buying by the Bogota Group of Latin America coffee producers.

CARIBBEAN SUGAR

Man-made problems cut cane output

BY DAVID RENWICK

CARIBBEAN COMMUNITY and Common Market (CARICOM) countries are going to be called upon this year to face some hard facts about their major agricultural cash crop, sugar.

For with the crop having closed in four out of the five regional sugar producing territories and less than three months to go to the end of the harvest in Guyana, the 1979 outlook is another disappointment for CARICOM producers and a blow to economies already shaken by a shortage of foreign exchange and economic stagnation generally.

Unless something unexpected occurs in Guyana, the crop is not likely to reach more than 886,333 tons in the whole CARICOM area this year.

This would be 17,397 tons less than last year's crop and 155,249 tons below the 1979 target set by the Sugar Association of the Caribbean (SAC) at the start of the year.

The significance of the shortfall can be judged by the fact that it is more than the combined guaranteed quotas assigned to Trinidad and Tobago, Barbados and St. Kitts-Nevis in the EEC market under the provisions of the Lomé Convention.

CARICOM 1979 SUGAR OUTPUT

	Forecast output (tons)	Actual output
Barbados	125,000	112,244
Guyana	360,000	330,000*
Jamaica	343,282	263,329
St. Kitts-Nevis	40,000	40,000
Trinidad and Tobago	173,300	140,760
Total	1,041,582	886,333

* Estimated

On schedule

Not that any CARICOM territory is likely to renege on EEC commitments—because of the slump in output; the 430,000 tons earmarked for Europe has so far been shipped on schedule and this will continue, since it is clearly unwise to alienate a customer paying at least £106 a ton in excess of the current world price.

The reality remains, however, that the 440,000 or so acres devoted to the growing of CARICOM cane fail each year to deliver the level of sugar production demanded of them and some official response to this situation is now needed.

Not all the causes of production shortfalls are the fault of nature, although it is true the 79,853 tons deficit in Jamaica this year has been caused primarily by very big rainfall and flooding.

Man-made problems, however, are probably the main cause of the production dilemma. For example, the Trinidad and Tobago crop, which fell 32,540 tons below estimate this season, was beset by unplanned fires, a high rate of employee absenteeis and the failure of the state-owned sugar companies to maintain factory equipment properly.

The peasant cane farmers, who account for as much as 40 per cent of the total crop in Trinidad, were also hit by a labour shortage, since fewer and fewer Trinidadians are being attracted into cane cultivation and harvesting as an occupation, despite wages that are probably the highest in the developing sugar world.

The general reaction on the part of most CARICOM countries to the persistent sugar production deficit has been to embark on a programme of converting some cane land to other crops, mainly domestic food products.

The State-owned Guyana Sugar Corporation has probably had most success in this direction.

In Trinidad and Tobago, where the Government also has control of the large sugar estates and factories a committee representing both sides of the industry has just recommended a similar course of action and its advice has been accepted by the authorities.

The committee proposed that 10,000 acres of the 100,000 now used for cane-growing be gradually turned over to crops such as rice, vegetables and fruit and the rearing of dairy and beef cattle.

Domestic food prices are high in Trinidad and Tobago's petro-dollar-activiated economy (the only one of its kind in CARICOM) and this is expected to be an incentive to the conversion process.

But perhaps the committee's most far-reaching suggestion concerned the approach Trinidad and Tobago should adopt to the remaining 90,000 acres that will continue to be used for cane growing and the production of sugar.

The Government accepted a radical reorientation of priorities and the export of raw sugar will no longer be the sole focus, as it has been for generations, and will be used increasingly as the raw material for industrial production.

Natural gas

This is in keeping with Trinidad and Tobago's view of itself as the manufacturing centre of CARICOM and logically accords with the Government's present plan to use local natural gas as the basis of a production programme which would include the manufacture of ammonia, urea, methanol and ethylene-based petrochemicals.

The enlargement of sugar-refining capacity would be an essential element in this transformation, in order to cater for the expanding food and confectionery manufacturing sector in Trinidad.

The capacity of the Usine St. Madeleine refinery in South Trinidad will be increased from its present 25,000-30,000 tons to at least 50,000 tons.

The value-added process is also planned to encompass the use of sugar or its by-products in the manufacture of animal feds, syrups, vinegar, pharmaceuticals and industrial chemicals and the possible expansion of existing products related to sugar, such as rum and molasses, and the manufacture of particle board from bagasse — the fibrous residue of sugar cane crushing.

...ada wheat crop forecast

...nada's wheat ... lowest for five ... Grain Growers ... yesterday.

... Winnipeg-based farmers' ...erative estimated the crop ... at slightly more than 15m tonnes, nearly 6m down on last year's, reported AP-Dow Jones.

With 15m tonnes remaining in stocks, the co-operative's analysts did not believe the expected poor crop result would curtail the country's grain exports. But they said the Government was worried that unless transportation improved, long-term export goals might not be met.

The Canadian Wheat Board has set a grain export target of 30m tonnes by 1985, a 67 per cent increase over last year's total.

This goal must be met if Canada is to maintain its share of the international grain market, said Mr. Brian Stacey, a Wheat Board official.

Although Canada accounts for less than 5 per cent of world wheat production, the country is second only to the U.S. in wheat exports. Relatively insignificant domestic consumption permitted Canada to export nearly 62 per cent of last year's harvest, mainly to Britain, China, Japan and the Soviet Union.

Shipping problems are to blame for this year's plentiful Canadian wheat stocks, according to a recently released Government report.

Christopher Bobinski writes from Warsaw: Poland's grain harvest should reach around 17.5m tonnes this year, Edward Gierek, Polish Communist Party leader, told farmers' representatives at the end of last week. This result makes the harvest the worst since 1970 and compares with a planned figure of 22.4m tonnes.

The harvest, which was hit by droughts in the late spring and early summer, means that Polish grain imports will rise and some diplomats estimate that the import requirement over the next 12 months will reach as much as 9m tonnes.

The effects of the harvest should be alleviated, however, by the expected good potato crop which will provide animal feed.

But grain imports last year reached 7.2m tonnes and future grain purchases will be determined by the availability of hard currency and grain import credits from suppliers.

Poland has already told the US it would like to obtain $500m worth of Commodity Credit Corporation grain credits this year, which is the sum Poland received in 1977 and 1978.

But this sum will be difficult to achieve as the total CCC credit allocation has been reduced this year by the US Congress.

World grain prices over the next 12 months are expected to average about 33 per cent higher than over the past year, the White House Office of Consumer Affairs said in Washington yesterday, reports Reuter.

Guyana sugar strike ends

By Our Own Correspondent

A CRIPPLING sugar strike here has ended, with the powerful opposition-controlled Guyana Agricultural Workers' Union (GAWU) ordering its 20,000 members back to work.

The one-week stoppage, called in solidarity with bauxite workers, cut the week's sugar production to 23 per cent of its target of 10,940 tons, raising second crop output to 28,558 tons or 63.14 per cent of the target to date. The first crop yielded just over 110,000 tons, and the industry is still hoping for 330,000 tons when the year ends.

Financial crisis for Indian tea

NEW DELHI—India's tea plantation industry is faced with a financial crisis and many plantations are likely to run a deficit this year, Mr. B. Sivaran, the secretary of the United Planters' Association of South India (UPASI), said here.

Mr. Sivaran said tea production had been affected by drought in the south and was also less than last year in the north.

Production in the north during the first half of 1979 was about 20m kilos less than during the corresponding period of 1978, when it reached 126.5m kilos, he said. Exports in 1978 fell steeply—from 223m kilos in 1976 to 169m kilos.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Barely changed on balance in the London Metal Exchange. Forward metal rose from £897 to £903 in the pre-market reflecting bear covering, fresh buying and a decrease in stocks. Demand for cash material widened the backwardation to around 2. The market eased fractionally during the rings and on the morning kerb but came under pressure in the afternoon as a sharp decline on Comex, after a steady opening, brought out profit-taking and stop-loss selling which depressed forward metal to 885 prior to a close of £890 on the late Kerb. Turnover: 12,450 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £902; three months £903, 2.5, 2, 1, 900, 899, 901, 900, 899, 900. Cathodes: Cash £869; three months £882. Kerb: Wirebars: Three months £900, 899, 99.5. Afternoon: Wirebars: Three months £890, 89, 89.5, 93, 94, 93.5. Kerb wirebars: Three months £887, 86, 87, 88, 89, 90, 91, 90.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	902.5	+8	894-5	+.25
3 months	899-900	+6.75	893-.5	—.5
Settlem't	902.5	+8	—	......
Cathodes				
Cash	865-6	+7	857-8	—1
3 months	881.5-2.5	+5.5	873-4	—3
Settlem't	866	+7	—	......
U.S. Smt.	—	......	*84-87	......

TIN—Firmer in quiet trading. A rise on the Penang market coupled with good buying of cash saw forward metal move up from £6,610 to the day's high of £6,645 in the afternoon before a close on the late Kerb of £6,640. Turnover: 835 tonnes.

Morning: Standard: Cash £6,590, 6,600, 05, 6,600; three months £6,620, 30, 25. Kerb: Standard. Three months £6,625. Afternoon: Standard: Cash £6,605, 20, 30; three months £6,620, 25, 30, 35, 40, 45. Kerb: Standard: Three months £6,640.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6600-10	—7.5	6620-5	+10
3 months	6630-50	+2.5	6650-55	—20
Settlem't	6610	—5	—	......
Standard				
Cash	6600-10	—7.5	6620-5	+10
3 months	6620-30	+2.5	6630-40	+12.5
Settlem't	6610	—5	—	......
Straits. E.	‡$1885	+10	—	......
NewYork	—	......		......

LEAD—Easier. Forward metal rose to £533 in the morning reflecting the initial strength of copper but fell back to £521 following the larger-than-forecast rise in warehouse stocks. However, in the afternoon bear covering and fresh buying lifted the price to £528 on the late Kerb. Turnover: 3,375 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	529-.5	—.25	525-7	—3.5
3 months	529-30	.....	526.5-7	—2.75
S'ment	529.5	—.5	—	.....
U.S. Spot.	—	.....	*58-62	.....

Morning: Cash £530, 29.5, 30; three months £529, 26, 27, 28, 29, 30, 29. Kerb: Three months £529. Afternoon: Three months £530, 28, 27. Kerb: Three months £524, 23, 25.5, 27, 28, 27.

ZINC—Steady. Forward metal traded between £301 and £297 prior to closing the late Kerb at £298. Trading was dull and routine with the reduction in warehouse stocks in line with market expectations. Turnover: 1,525 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	287.5-8.5	—1	288-9	—.5
3 months	298-.5	—1.5	299.5-300	.....
S'ment	288.5	—1	—	.....
Prim w'st	—	.....	*39.5	.....

Morning: Three months £298, 98, 98.5, 98. Kerb: Three months £299, 98. Afternoon: Three months £298, 99, 300. Kerb: Three months £297, 98.

ALUMINIUM—Marginally easier in subdued trading with forward metal edging up to £695 in the morning before easing to close at £688. Turnover: 1,600 tonnes.

Alumn'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	697-9	+1	694-5	—2.5
3 months	692-3	+.75	689-90	—2.25

Morning: Three months £693, 95, 93. Kerb: Three months £693. Afternoon: Three months £691, 89. Kerb: Cash £693; three months £688.

NICKEL—Steady with forward metal recovering from £2,585 on the morning Kerb to close the late Kerb at £2,600. Turnover: 384 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2500-20	—25	2520-30	—10
3 months	2575-90	—17.5	2590-600	—5

Morning: Three months £2,600. Kerb: Three months £2,585.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 4.1p an ounce higher for spot delivery in the London bullion market yesterday, at 442.75p. U.S. cent equivalents of the fixing levels were: Spot 994.9c, up 19.3c; three-month 1021.2c, up 20.3c; ...

COCOA

Cocoa futures moved limit down, reflecting a stronger sterling and renewed Commission House selling to close at the lows of the day, reported Gill and Duffus.

COCOA	Yesterd'y's Close	+ or —	Business Done
Sept	1558-1560	—42.6	1591-1561
Dec	1412-1413	—41.5	1450-1410
March	1452-1454	—44.5	1488-1452
May	1480-1481	—46.0	1502-1479
July	1509-1510	—50.0	1510
Sep	1528-1535	—60.0	1540-1525
Dec	1556-1562	—56.0	1565

Sales: 2,838 (2,301) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Aug. 24 146.24 (145.95); Indicator price for Aug 28: 15-day average 142.41 (142.11); 22-day average 142.12 (141.91).

COFFEE

Robustas opened on a steady note and Commission House buying pushed the more distant positions some £15 higher on the opening call, reports Drexel Burnham Lambert. Heavy trade buying fuelled the upward momentum as prices broke the recent resistance levels in November and January, and the afternoon was a series of erratic fluctuation before prices settled between £19.5 and £28.0 up on the day.

COFFEE	Yesterdays Close £ per tonne	+ or —	Business Done
September	1791-92	+19.5	1799-75
November	1846-47	+26.6	1859-25
January	1856-57	+26.0	1874-50
March	1802-05	+26.0	1836-1788
May	1794-95	+26.6	1825-1779
July	1784-95	+25.5	1790-82
Sept	1785-88	+24.0	—

Sales: 8,453 (3,339) lots of 5 tonnes.

ICS indicator prices for August 27 (cents per pound): Other Mild Arabicas 202.67 (202.58). Robustas ICA 1976 185.00 (same). ICA 1968 185.25 (same). Colombian Mild Arabicas 208.00 (same). Unwashed Arabicas 207.00 (206.00). Comp. daily ICA 1968 199.20 (198.85).

GRAINS

The market opened 20 lower and found strong selling, particularly in wheat, and values quickly moved 40 points lower. Much of the selling emanated from reports of good harvesting with the improved weather, and values traded in a good two-way market between 30-45 points lower for the rest of the session, and wheat closed between 40-55 points lower. Barley was a dull affair and some commercial "see-saw" trading ended values between 20-30 points lower, reported Acli.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Sept.	90.80	—0.40	87.15	—0.20
Nov	94.50	—0.45	91.15	—0.25
Jan	98.80	—0.50	95.30	—0.30
Mar	102.15	—0.55	98.70	—0.30
May	105.40	—0.50	101.95	—0.25

JUTE

WOOL FUTURES

RUBBER

SOYABEAN MEAL

SUGAR

COTTON

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 28 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	....	£710/50
Free Mkt (cs)	$1610/1630	....	$1,49/151
Copper			
Cash w'bar	£894.5	+0.25	£911
3 mths „	£893.25	—0.5	£826.75
Cash Cathode	£857.5	—1	£792.0
3 mths „	£873.5	—3	£812.5
Gold troy oz	$309.975	....	$298.875
Lead cash	£526	—3.5	£508.5
3 mths	£526.75	—2.75	£499.5
Nickel	£2854	....	£3,225.4
Freemkt(cif (lb)	265/280c	....	255/275c
Platin'mtr'y oz	£155.5	....	£155.5
Free mkt	£188.15	—0.9	£170.40
Quicksil'ver	$290/310	....	$285/305
Silver troy oz	442.75p	+4.1	397.95p
3 months	456.45p	+4.3	408.50p
Tin Cash	£6,622.5	+10	£6,635
3 mths	£6,635	+12.5	£6,615
Tungsten	$143.12	....	$143.12
Wolfrm 22.04 cif	$143/148	....	$134/140
Zinc cash	£288.5	—0.5	£290
3 months	£299.75	....	£300.75
Producers	$780	....	$845
Oils			
Coconut (Phil)	$1,025s	—5.0	$1,170
Groundnut	†	....	‡
Linseed Crude	£416	....	£395
Palm Malayan	$650z	....	$654.50
Seeds			
Copra Philip	$680y	....	$720
Soyabean (U.S.)	$310.50	....	$312.0
Grains			
Barley Futures	£91.15	—0.40	£91.60
Maize			
French No3AM	£108.50s	....	£107.5
Wheat			
No. 1 Red Spg.	‡	....	£92.25
No2HardWint.	£101.5r	....	£96.75
Eng. Milling†	£97.00t	....	‡
Other commodities			
Cocoa ship't	£1,493	—42	£1,498
Future Dec	£1,412.50	—41.50	£1,403
Coffee F't'r Nov	£1,846.5	+26.0	£1,704
Cotton A Index	77.60c	....	77.40c
Rubber (kilo)	56.00	—1.5	58.25p
Sugar (Raw)	£105.00	+2.0	£95.0
Wooltp's 64s kl	272p	....	262p

* Nominal. † New crop. ‡ Unquoted. s Aug.-Sept. r Sept. w Sept.-Oct. x Oct. y Oct.-Nov. z Indicator. § Buyer.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 62.0 to 66.0; Eire ...

... kilos 1.00. Grapes—Cypriot: Sultana 0.30. Thompson 0.25. Alphonse 0.25. Rozaki 0.25; Italian: Regina 10 lb 2.20-2.40; Spanish: Alphonse per pound 0.30. Nectarines—Italian: C/B/A 4.00-6.00; French: 28s 3.00. Bananas—Jamaican: per 28 lb 4.50. Avocados—S. African: 3.50-4.00. Melons—Spanish: Yellow honeydew 10 kilos 5/14s 2.20-2.50. Onions—Spanish: 3.50-5.20; Dutch: 3.60. Tomatoes—Jersey: per tray 0.90-1.00; Guernsey: 1.00-1.20; Dutch: 1.20. Cab...

... per pound 0.80-1.00. Cucumbers—trays 8/18s 1.00-1.40. Cauliflowers—12s Lincoln 1.60-2.00. Celery—boxes, naked 15/24s 1.40-1.60, cartons 16/24s 2.20-2.60. Peas—per pound 0.12-0.13. Onions—per bag 3.60-4.00. Carrots—per bag 1.00. Beetroots—per bag 0.80-1.00. Marrows—per 18s 0.80. Capsicums—per pound 0.20-0.25. Swedes/Turnips—per 25/28 lb 1.00. Stick beans—per pound 0.25-0.30. Runner beans—per pound 0.12.

AMERICAN MARKETS

NEW YORK, August 28.

THE PRECIOUS METALS closed higher with good gains after an extremely volatile day on both sides of the market. The markets were nervous ahead of the U.S. balance of trade report. Copper closed moderately higher, in sympathy with gold and silver, with speculative buying as the principal feature. ...

Dec. 282¾-283¼ (285¼), March 294-294½, May 299½-299¾, July 302¼-302½, Sept. 304½.

Plywood—Sept. 205.0 (208.9), Nov. 196.4-196.7 (198.4), Jan. 194.5, March 196.2, May 196.8, July 198.9, Sept. 199.0, Nov. 199.0.

Pork Bellies—Feb. 41.50-41.90 (41.27-41.70), March 41.95-42.10 (41.45-42.02), ...

EUROPEAN MARKETS

ROTTERDAM, August 28.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Sept. $204, Oct. $205, Nov. $207, Dec. $209, Jan. $212, Feb. $214, March $216. U.S. Hard Winter Ordinary unquoted. U.S. No. 2 Red Winter Sept. $192, Oct. $198, Nov. $200. U.S. No. 2 Northern Spring, 14 per cent, Aug. $199.50, Sept. $199.50, Oct. $202, Nov. $203, Dec. $211, Jan. $219, Feb. $220, March $222, April-May $204.

Maize—U.S. No. 3 Corn Yellow afloat $137, Sept. $137.50, Oct. $139, Nov. $140, Dec. $145, Jan.-March $150.50, April-June $151.

Soyabeans—U.S. 2 Yellow Gulfports ... Nov. $291.50, Dec. $297.50, Jan. $301, Feb. $306, March $307.25, April-May $309.75, June-July $312.50. Brazil Yellow Faq unquoted. Argentine afloat $288, Aug. 11-Sept. 10 $293.50, May $302, June-July $309.

Soyameal—44 per cent protein U.S. afloat $225 traded, afloat $225, Sept. $232, Oct. $240, Nov.-March $247, April-Sept. $252, sellers. Brazil Pellets afloat $235.50, Sept. $243, Oct. $252, April-Sept. $253.

PARIS, August 28

Cocoa—Sept. 1310-21, Dec. 1341-50, March 1375-90, May 1375, July 1385, Sept. 1395. Sales at call, nil.

INDICES

FINANCIAL TIMES

Aug. 24	Aug. 23	M'nth ago	Year ago
287.17	285.68	278.39	247.68

(Base: July 1, 1952=100)

MOODY'S

Aug. 24	Aug. 23	M'nth ago	Year ago
1093.9	1088.6	1088.6	939.8

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug 24	Aug. 23	Month ago	Year ago
Spot	405.16	401.73	404.85	367.22
F'tur's	414.64	415.64	488.00	364.91

(Average 1924-25-26=100)

REUTERS

Aug. 28	Aug. 24	M'nth ago	Year ago
1581.7	1579.6	1525.1	1460.9

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Strength of Gold shares enlivens well-attended but colourless session in post-holiday stock markets

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 13	Aug. 23	Aug. 24	Sep. 3
Aug. 28	Sep. 6	Sep. 7	Sep. 17
Sep. 10	Sep. 20	Sep. 21	Oct. 1

* "New time" dealings may take place from 9.30 am two business days earlier.

Another upsurge in South African Gold shares on the back of a bullion price at record heights enlivened an extremely slow session when stock markets resumed yesterday after the holiday week-end. The demand for Golds was widespread and brought gains of ¾ among heavyweight issues and relatively sharper rises in low- and medium-priced stocks which took the FT Gold Mines index up 6.6 more to 192.3.

Potential buyers of equities remained mindful of the uncertain economic situation and the escalation of the strikes in the engineering industry; they were not drawn by the start of the new trading Account and most leading shares hovered at around Friday's closing levels. It was thus left to situation stocks and those recommended in the week-end financial columns to provide most noteworthy price movements.

Two constituents of the FT 30-share index were quoted ex-dividend and partly contributed to a loss of 1.2 at the 10.00 am calculation, but the fall was soon recovered. After being unchanged at noon and 0.9 higher at 1 pm, the index eased to close 0.2 down on balance at 464.8. Total bargains amounted to 13,087, the lowest since this measure of business was introduced on June 4; the figure compares with last week's daily average of 14,864.

The session in Government stocks was also very slow, but a slightly firmer tendency emerged as a modicum of overseas support was attracted by sterling's fresh advance. Although gains were limited to ¼, they were achieved against a drab background, motivated partially by a week-end Press which had initially caused quotations at the shorter end of the market to ease a shde.

Proceedings in the investment currency mrket failed to quicken and, in recognition of the improving pound, the premium slipped back again to close 1½ points lower at 27½ per cent. Yesterday's SE conversion factor was 0.9028 (0.9017).

The Traded options market began the short week in exceptionally subdued mood, with only 190 contracts reported, the lowest total this month. Only **EMI**, 79 trades, and **ICI**, 55 trades, attracted any real level of interest.

Guinness Peat firm

Buying ahead of the preliminary figures due shortly helped **Guinness Peat** put on 4 to 96p. Elsewhere in a lethargic banking sector, **Standard Chartered** firmed a similar amount to 466p with sentiment still buoyed by publicity given to a broker's bullish circular. **Gerrard and National** hardened 2 to 266p following the company's decision to sell its majority stake in Astley and Pearce for £3.8m.

Moorgate Mercantile put on 1½ to 13½p among Hire Purchases but **Provident Financial** reacted from recent strength to finish a couple of pence off at 93p; the latter's half-yearly results are due next Tuesday. The major clearing banks lacked support and drifted lower, **Midland** losing 6 to 340p.

Features were few and far between in Insurances. **Pearl** rose 4 to 246p in front of today's first-half figures and **Sun Alliance**, interim figures due next week, closed a like amount harder at 544p. **Hogg Robinson** found support at 94p, up 4.

The firm undertone in Breweries resulted in the leaders closing a shade harder on balance, **Bass** adding a penny to 232p. Selected regional counters *came in for support*, **Burtonwood**, 229p, and **Vaux**, 161p, gaining 4 and 3 respectively. **Amalgamated Distilled Products** improved a couple of pence to 58p, as did **Sandeman**, 82p, while **Luis Gordon** rose 3 at 45p. **Distillers** finished a shade better at 224p, while **Tomatin** attracted interest after Press comment and ended 6 up at 183p.

Special situations provided the main focal points of Building issues. Publicity given to a broker's circular stimulated interest in **London Brick** which firmed 2 to 67p, while favourable week-end Press comment prompted a gain of 4 to 161p in **Manders**, while **M. J. Gleeson** put on 5 to a 1979 peak of 45p in response to contract news. **Federated Land** added 3 to 71p; last year the company announced interim results on September 12. Investment demand was forthcoming for **Gough Cooper** which rose 4 to 92p, but **Barratt Developments** eased 3 *to* 120p following a sell recommendation. Buying in thin markets was *responsible for respective gains* of 25 to 465p and 8 to 198p respectively in **Burnett and Hallamshire "A"** and **Newarthill**, while **Fairclough Construction** hardened a penny to 76p in response to the satisfactory annual results. In Timbers, demand ahead of the annual results due on Friday lifted **Parker** 6 to a 1979 peak of 196p; **Phoenix** added 7 to 142p xd.

A penny firmer at the outset, **ICI** eventually settled that much cheaper on balance at 360p following a slow trade. Press suggestions of a bid worth 170p per share failed to stimulate much interest in **Allied Colloids** which hardened a penny to 123p. **Coalite**, however, benefited from an investment recommendation and added 2 to 85p.

Stylo good again

Stylo Shoes started the new Account in the same firm manner as they had finished the old, a fresh bout of speculative buying on bid hopes lifting the price 13 more to 241p, after 243p.

Stores were featured by a rise of 6 to 168p in **MFI Furniture** following the chairman's optimistic remarks at the annual meeting. **B. and Q. Retail** saw buyers at 88p, up 4, while **Lee Cooper**, recently firm on Press comment, rose 3 afresh to 210p. **Empire**, on the other hand, dipped 6 to 192p and **W. L. Pawson** relinquished 4 to 62p.

Among Electricals, **GEC** eased 3 to 379p, but **Racal** hardened 1½ to 238p xc. **Kode International** improved 4 to 229p after favourable Press comment, while buyers also came for **Muirhead**, 5 up at *245p, and* **Unitech**, *7¼ better at* 198p xa; the nil-paid shares of the last-mentioned were also in demand and ended 7 to the good at 51p premium.

The current labour unrest in the industry deterred potential buyers of the Engineering leaders and prices drifted lower from the outset. **John Brown** dipped 6 to 395p and **Tubes** cheapened 2 to 318p, while **GKN** softened a penny to 270p. Elsewhere, **Green's Economisers** continued to reflect bid possibilities with a fresh advance of 6 to 124p, after 126p, while **Averys** rose 5 to 260p awaiting the Monopolies Commission's report on the GEC bid. **United Engineering** put on 9 to 92p and **Wagon Industrial** gained 5 to 165p xd. A shade harder in front of the interim results, **IMI** reacted on the reduced first-half figures to close a fraction off on balance at 49½p.

In Foods, persistent small selling clipped a penny from **Spillers** to 45½p, after 45p; bidders **Dalgety** hardened a penny to 283p in a negligible trade. Awaiting today's annual results, **Associated Dairies** eased 3 to 270p. **Fitch Lovell** improved 2 to 70p. Up 8 on Friday on a flurry of speculative interest, **George Bassett** added a penny more to 105p, after 106p. Elsewhere, interest was being shown in **Carr's Milling** which added 3 to 80p.

E. Fogarty up

Secondary stocks provided most of the interest in miscellaneous industrials. Details of the long-awaited capital proposals helped **E. Fogarty** stand out with a rise of 18 to a 1979 peak of 355p, while **George Ewer** rose 3½ to 45½p on news that T. Cowie has acquired a 25 per cent stake. **Macfarlane Group** (Clansman) gained 5 to 93p on the interim results, while improvements of 3½ and 5 respectively in **United Gas**, 82p xd, and **Myson**, 89p, followed favourable Press comment. **Dufay Bitumastic** hardened a penny to 42p for a similar reason and **Diploma Investments** advanced 8 to 348p on speculative support. **Crosby House** were favoured at 202p, up 12, while **LCP** closed 3 dearer at 86p ex the scrip-issue. **Hoover A** gave up 4½ to 125p xd on the announcement that the company proposes to cut jobs at its Merthyr Tydfil workforce by up to 1,200. Adverse comment prompted falls of 2 in **Dunbee Combex**, 56p, and **Hestair**, 32p, while **H. Brammer** gave up a penny to 128p in reaction to the lower interim earnings. The leaders passed a quiet session and closed mixed. **Reckitt and Colman** firmed 4 to 220p and **Boots** hardened a penny to 189p but **Glaxo** ended a couple of pence off at 440p.

Weekend Press comment highlighting the company's prospects stimulated demand for **Medminster** which firmed 2½ to 34½p.

Motor sectors again displayed a lifeless appearance, although special situations provided scattered firm spots. **Armstrong Equipment** added 2 more to 66p, still benefiting from the proposed sale of its automotive replacement parts interests to GKN, while **Dowty** put on 4 to 308p xd following the annual report. Distributors ended slightly firmer, where altered. **H. and J. Quick** recovered Friday's fall of 3½, closing at 43½p in front of today's interim results, while **Arlington**, 114p, and **Dutton-Foreshaw**, 50p, rose 3 and 1½ respectively. **British Car Auction**, however, shed a penny to 62p *following adverse Press comment.*

Notable movements in Properties were few, but **Greycoat Estates** put on 5 to 105p following favourable weekend Press comment. **Bernard Sunley**, awaiting bid terms from Eagle Star, hardened 2 to 465p xd after the chairman's annual statement. Occasional interest was shown in **Fairview Estates**, which firmed 4 to 224p, while **Churchbury** improved 5 to 420p. Slack trading conditions prevailed among the leaders, in which **Land Securities** and **MEPC** added a penny apiece to 298p and 191p respectively.

BP subdued

Overshadowed by weekend Press conjecture about sales of the Government's shareholdings in the company, **British Petroleum** eased 5 to 1130p. **Shell**, on the other hand, hardened a couple of pence to 324p. Elsewhere in Oils, suggestions that the company may make profits from one of its tanker operations stimulated interest in **Burmah** which firmed 3 to 143p, after 144p. **Aran Energy**, dealt under special rule, jumped 13 to 158p on speculative demand.

Bid rumours fuelled interest in **S. Hoffnung** which, having been depressed last week on disappointing results, rallied 8 to 65p. Elsewhere in Overseas Traders, however, **Sime Darby** eased 3 to 75p following the annual statement, while **Nesco** met a little profit-taking and eased 2 to 243p.

Shippings ended narrowly firmer after a quiet session. **P and O** featured, putting on 3 to 105½p ahead of next week's interim results. **Reardon Smith** hardened a shade to 67p on further consideration of last Friday's half-yearly statement.

Secondary issues again provided a little interest in a lack-lustre Textiles *sector*. **Sirdar** improved 6 to 118p following further speculative demand, while **Shaw Carpets** finished ex-the-scrip issue at 32p, a rise of 3. **Carpets International** added a couple of pence to 57½p.

Plantations closed with useful gains following far-eastern support. **London Sumatra** responded to speculative interest with a rise of 7 at 312p, while **Castlefield** added a like amount at 310p. **Doranakande** advanced 17 to 145p and **Bertam** 9 to 177p.

Golds strong

A fresh burst of strength in the bullion price—finally $1.50 up at a record closing high of $314.875 an ounce—encouraged further good gains in South African Golds.

The Gold Mines index advanced 6.6 to 192.3, its best level since June 12, while the ex-premium index, up 6.2 at 173.6 reached its highest point for nearly four years.

Share prices were marked up at the outset reflecting heavy gains in Johannesburg and New York markets on Monday. Thereafter, they edged higher in a good two-way business before closing a fraction below the day's best.

Although heavyweights registered substantial improvements — rises of ¾ were common to **Hartebeest** and **Western Mining** at £16¾ and £18¾ respectively — most of the buying interest was directed towards the medium and lower-priced issues.

Among the former, rises of between 49 and 64 were seen in **Libanon**, 665p, **Southvaal**, 708p, and **Winkelhaak**, 861p, while the cheaper and marginal stocks showed **Marievale**, 108p, and **West Rand Consolidated**, 177p, up 18 apiece and **Wit. Nigel** 7 better at 57p.

South African Financials continued to make progress. **Union Corporation** added 10 more to 419p in front of the increased interim dividend and sharply higher half-year profits, while "Johnnies" were finally unchanged on balance at £17¼, after £17¼, in front of the annual results. London Financials showed **Gold Fields** 6 better at 232p.

Further consideration of last week's producer price increases prompted renewed buying of Platinums where **Impala** and **Rustenburg** both closed around 5 to the good at 176p ex-dividend and 136p respectively.

Australians were quietly firm in line with overnight domestic markets. Reports that a consortium, which includes **Haoma Gold** and **North West Mining**, had discovered diamond-bearing pipes lifted **Haoma** 4 to 34p and **North West Mining** 5 to 33p.

Peko-Wallsend fell 7 to 336p following news of the proposed rights issue which accompanied the annual results.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	1200	22	4	62	—	90	—	1130p
BP	1300	6	1	36	5	52	—	"
Cons. Gold	200	35	5	44	—	51	—	232p
Cons. Gold	220	22	6	29	—	36	—	"
Cons. Gold	240	9	—	20	—	26	4	"
GEC	420	5½	5	25	—	38	—	381p
ICI	300	61	—	61	—	65	—	361p
ICI	330	31	4	34	5	43	5	"
ICI	360	8	10	14	27	24	—	"
ICI	420	1	—	5	4	—	—	"
Land Secs.	280	24	2	37	—	49	—	299p
Marks & Sp.	110	6½	1	11	3	15	—	110p
Totals			37		44		9	
		November		**February**		**May**		
BOC Intl.	80	2	—	3½	—	5½	1	69p
EMI	90	13	—	16	—	20	15	93p
EMI	100	7	—	11	—	15	24	"
EMI	110	5	7	8	—	—	—	"
EMI	120	3	8	6	25	—	—	"
RTZ	260	48	4	63	—	—	—	299p
RTZ	300	24	8	35	8	46	—	"
Totals			27		33		40	

FINANCIAL TIMES STOCK INDICES

	Aug. 28	Aug. 24	Aug. 23	Aug. 22	Aug. 21	Aug. 20	A year ago
Government Secs.	73.43	73.45	73.54	73.57	73.81	73.66	[illegible]
Fixed Interest	74.69	74.67	74.64	74.85	74.71	74.66	[illegible]
Industrial	464.8	465.0	463.1	465.7	464.8	457.4	[illegible]
Gold Mines	192.3	185.7	179.9	180.0	175.5	169.5	[illegible]
Gold Mines(Ex-$ pm)	173.6	167.4	161.2	168.4	153.5	151.7	[illegible]
Ord. Div. Yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Earnings, Yld. % (full)	17.50	17.47	17.55	17.54	17.51	17.36	[illegible]
P/E Ratio (net) (*)	7.19	7.20	7.18	7.18	7.19	7.24	[illegible]
Total bargains	13,087	16,443	14,262	13,887	14,270	16,168	[illegible]
Equity turnover £m	—	67.37	68.60	65.76	64.18	62.84	[illegible]
Equity bargains total	—	11,598	11,224	9,556	11,180	12,027	[illegible]

10 am 465.8. 11 am 465.1. Noon 465.0. 1 pm 465.9. 2 pm 465.6. 3 pm 465.0.

Latest Index 01-246 8026.

* Nil=6.91.

Base 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91	64.64	127.4	49.18
Fixed Int.	77.78	65.05	150.4	50.53
Ind. Ord.	558.6	446.1	558.6	49.4
Gold Mines	208.4	129.9	442.3	43.5
Gold Mines Ex $pm.	173.6	95.2	337.1	54.3

S.E. ACTIVITY

	Aug. 28	Aug. 24
Daily Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
5-day Avg. Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
Beecham	25p	7	187	+ 1	189	130
Cons. Gold Fields	25p	7	232	+ 6	268	178
ICI	£1	7	360	− 1	415	314
Imp. Cont. Gas	£1	7	510	+ 3	543	358
Unitech 'New'	Nil/pd.	7	51pm	+ 7	51pm	42pm
Shell Transport	25p	6	324	+ 2	402	278
Stylo Shoes	25p	6	241	+13	243	66
Boots	25p	5	189	+ 1	238	187
Brit. Homes Sts.	25p	5	263	− 1	279	172
BP	£1	5	1,130	− 5	1,295	888
Grand Met.	50p	5	141xd	+ 2½	178½	110½
Marks & Spencer	25p	5	109	—	134	88
P. & O. Defd.	£1	5	105½	+ 3	106	71
Reckitt & Colman	25p	5	220	+ 4	263	194
Woolworth (F.W.)	25p	5	71xd	− ½	87	62

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	18	1	57
Corpns. Dom. and Foreign Bonds	4	3	58
Industrials	269	183	958
Financial & Prop.	124	52	331
Oils	12	7	20
Plantations	8	3	17
Mines	72	20	54
Others	32	54	62
Totals	539	323	1,565

Champagne deal

SAINSBURY has added champagne to its range of own-label wines. It is on sale in more than 100 of the group's larger licensed supermarkets at £4.95 a bottle.

APPOINTMENTS

Reorganisation at W. H. Smith

Reallocation of responsibilities between directors of W. H. SMITH AND SON will take effect from September 3. **Mr. Peter Bagnall**, deputy managing director, retail, and buying and marketing director, becomes managing director, staff and services. **Mr. Julian Smith**, staff and training director, becomes director of external affairs and will be responsible for the public relations department. He continues as chairman of Hambleden Estates, responsible for WHS Advertising. The W. H. Smith Buying and Marketing Division will be split. **Mr. Bryan Austin**, sounds merchandise manager, becomes a divisional director responsible for the retail buying division. **Mr. Frank Abramson**, marketing services manager, becomes manager of the retail marketing department and joins the retail group management executive.

★

Mr. R. L. Peat has been appointed director of WALLACE BROTHERS COMMODITIES, the futures brokers acquired by Brooke Bond Liebig last year. He succeeds **Mr. M. B. Gittins**, who becomes president of Wallace Brothers Commodities Incorporated, a new company being established in New York.

★

Mr. Colin Ahlquist has been appointed managing director of TR OIL SERVICES (Simon Engineering Group), and a vice-president of Unichem International Inc., Hobbs, New Mexico, US. He relinquishes his directorship of Simon-TR Holdings. **Mr. Kenn S. Johnson** has become technical sales manager, TR Oil Services, at its Aberdeen offices, and **Mr. Alan G. Smith** has been made technical service engineer, Stockport. **Mr. Ibrahim I. Irhimeh** joins the company as sales manager based in Kuwait.

★

Mr. M. C. E. Leflaive has been appointed UK sales and marketing director of DENBY TABLEWARE. He was previously marketing director of British Tissues.

★

Mr. M. L. Hemming has been appointed managing director of the newly-formed DEWPLAN (ET), at Bredbury, Stockport. Prior to joining the Dewplan group he was technical manager of ICI pollution control systems.

★

Mr. A. Archer, City Environmental Health Officer of Birmingham, is to be the president of the ENVIRONMENTAL HEALTH OFFICERS ASSOCIATION for 1980. He will be officially installed on January 18 next year.

★

McKECHNIE BROTHERS has made the *following* subsidiary Board appointments: **Mr. A. C. M. Sigsworth**, chief executive of McKechnie Engineering (Reading) joins the Board of McKechnie Britain: **Mr. M. J. Applequist** becomes sales director of Worcester Parsons on October 1 to succeed **Mr. W. Keen** who retires on that date but will continue as a consultant; **Mr. D. Wright** has been made general manager of McKechnie Refractory Fibres and McKechnie Refractory Products and **Mr. Brian T. Lloyd** will be technical director from September 1; **Mr. R. E. Hitchcock** is to be managing director of Hawke Cable Glands from the beginning of next month.

★

Mr. Robert Barnsley, for the past ten years finance and administraton manager of THE PARKER PEN COMPANY, Newhaven, has been made a director

of the company. He joined Parker in 1969 from Midland Aluminium, Wolverhampton, where he was group financial controller.

★

LESTER B. KNIGHT AND ASSOCIATES, INC., Chicago, a management consulting, architecture, engineering and planning firm has appointed **Mr. James B. Peterson** as executive vice-president of the management consulting group. Mr. Peterson will work with multi-national corporations dealing with their international consulting requirements in the areas of marketing and administrative, operational and computer systems.

★

Mr. Brian Harper, head of Midland Red's main works in Birmingham has been appointed chief engineer of the LINCOLNSHIRE ROAD CAR COMPANY.

★

Mr. Angus Grosart has joined the Board of CANADIAN NATURAL RESOURCES, Calgary-based oil and gas company. The company plans to drill about 60 wells on existing and new properties, mainly in Texas, Colorado and Louisiana.

★

Following a takeover by Elkem-Spigerverket (UK) of the metal merchanting company of H. STEWART (METALS), of Manchester, **Mr. John Hickson**, **Mr. T. Bailey** and **Mr. Egil Schjolberg** of Manchester Steel, join **Mr. H. Stewart** on the Board. New chairman is **Mr. Hans E. Sundt**, managing director of Manchester Steel, a subsidiary of Norway's Elkem-Spigerverket Group.

★

The College Governors of Alleyn's College of God's Gift have appointed **Mr. Giles Waterfield** as director of the DULWICH PICTURE GALLERY. Mr. Waterfield, who is at present education officer of Brighton Museums and the Royal Pavilion, will be employed by the Foundation from September 1 and will take up his duties as director in 1980.

★

Mr. E. T. Carlson has been made vice-president and **Mr. R. G. Bryant, Jr.**, *project manager* of FREEPORT GOLD COMPANY, a subsidiary of Freeport Minerals Company. Freeport Gold is the operator of a 70 per cent-owned joint venture with FMC Corporation in Nevada where drilling has proven reserves of more than 5m tons of mineralisation averaging 0.3 troy ounces of gold per ton.

★

Mr. Norman Fowler, Minister of Transport, has appointed **Lt. Colonel A. G. Townsend-Rose** to hold a public inquiry into an accident in which a passenger train was derailed at Bushbury Junction, near Wolverhampton, on August 13. The inquiry will be held in Room 528, Stanier House, 10, Holliday Street, Birmingham, on August 31, 11.15 am.

★

Mr. Art Woods has been named vice-president, customer service, in the construction equipment group; **Mr. Don Harrison** has been promoted vice-president sales of the marine/energy division; and **Mr. Ray Engstrom** has been made vice-president, operation, of the marine/eenrgy division, of AMERICAN HOIST and DERRICK CO., U.S.

★

Mr. M. M. Bull, **Mr. A. W. Cowie**, **Mr. J. P. O'Neil**, **Mr. B. M. Pincus**, **Mr. H. A. Rose**, **Mr. A. W. Vernon-Harcourt** and **Mr. J. H. Williamson** have all been made assistant directors of KEYSER ULLMAN. **Mr. J. J. Bennett** and **Mr. R. T. Smith** become managers. At KEYSER ULLMANN SECURITIES **Mr. M. L. Bradbrook** is appointed a director and at KEYSER ULLMANN HOLDINGS **Miss S. G. Rutherfoord** is appointed assistant group secretary. All the appointments take effect on September 1.

★

Mr. David W. White has become group research executive with CARLESS CAPEL AND LEONARD, and will resign as development director with Carless Chemicals with effect from *September 1.*

★

Mr. J. R. Eyre has been appointed to the Board of EYRE AND ELLISTON HOLDINGS and also becomes assistant managing director of Allan Eyre and Co.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 20	Aug. 31	Nov. 15	Nov. 26
Sep. 3	Sep. 14	Nov. 29	Dec. 10
Sep. 17	Sep. 28	Dec. 20	Jan. 7

For rate indications see end of Share Information Service

Call options were dealt in **Ladbroke**, **Jove Inv. Trust Capital**, **Albert Fisher**, **Spillers**, **Youghal Carpets**, **FNFC**, **Northern Engineering**, **M.Y. Dart**, **Lonrho**, **Silvermines**, **Hirst and Mallinson**, **Courtaulds**, **Lydenburg**, **Elandsrand** and **South Crofty**. Puts were done in **Town and City** and **Office and Electronic**, while double options were arranged in **NatWest Warrants**, **John Brown** and **Hongkong Banking**.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (29)

BANKS (1)
Trade Dvlpt. Bank
BUILDINGS (1)
Gleeson (M. J.)
ENGINEERING (1)
Bevan (D. F.)
ELECTRICALS (3)
Automated Security; Pye Hldgs.; Farnell Elec.
INDUSTRIALS (8)
Crosby House; Fogarty (E.); Denbyware; Le Bas (E.); Diploma Invs.; MacFarlane Group; Ewer (G.); NCR 4pc '93-98
LEISURE (1)
Hawley Leisure
NEWSPAPERS (1)
Sharpe (W. N.)
PAPER (1)
Mills & Allen
SHIPPING (1)
P. & O. Defd.
SHOES (1)
Stylo Shoes
TEXTILES (1)
Shaw Carpets
TRUSTS (2)
Rothschild Inv.; Utd. Capitals
OILS (1)
Aran Energy
MINES (6)
East Rand Prop.; F.S. Saaiplaas; Winkelhaak; President Brand; Southvaal; Oilmin

NEW LOWS (13)

BUILDINGS (1)
Rugby Port. Cement
STORES (2)
Henriques A; Wallis
ENGINEERING (5)
Alcan Aluminium; Mole (M.); Brotherhood (Peter); Stothert & Pitt; Laird Group
INDUSTRIALS (3)
Dobson Park; Highgate & Job; Hestair
NEWSPAPERS (1)
Marshall Cavendish
TEXTILES (1)
Crowther (J.)

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p:	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
¶¶	F.P.	24/8	75	60	Arrow Chemicals	70	......	b8.0	2.3	4.1	15.1
**	F.P.	—	88½	80	Barlow Hldgs	81	−3	T2.6	1.1	4.6	28.2
80½	F.P.	27/7	105½	95½	Fairline Boats	98½	......	b5.2	2.5	7.5	7.1
160	F.P.	5/9	190	185	Mercantile House	188	......	10.72	2.3	8.1	7.7
**	F.P.	10/8	37	26	Mettoy Dfd.	35	......	—	..	—	—
**	F.P.	—	37	30	St. George Assets 10p	34	......	bd1.0	1.5	4.2	20.8
160	F.P.	8/8	214	192	Standard Tel. & Cables	214	−2	b8.0	2.1	5.4	12.9

FIXED INTEREST STOCKS

Issue Price £	Am. Unit Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
¶91	F.P.	21/9	87	85	Aurora 8¼ Conv. Cum. Pref.	85	......
**	F.P.	21/9	104p	101p	Bradford Prop. 10½% Cum. Pref.	104p	......
100	F.P.	20/7	101¼	92	English & Overseas Inv. Conv.	93	......
¶96½	£10	29/11	12¼	8½	Essex Water 8% Red Pref. 1984	11¼	......
**	F.P.	—	73½	71½	Lonrho 9% 2nd Mort. Deb. 87/92	71½xd	......
**	F.P.	—	90½	89½	Do. 12¾% 2nd Mort. Deb. 85-90	90½xd	......
**	F.P.	—	99	97	Do. 12⅞% 2nd Mort. Deb. 80-83	97½xd	......
97	F.P.	24/8	99½	97¾	Scot. Agricultural Sec. 13% Deb. 97-99	99	......
100p	—	7/9	103p	100p	Stonehill 10½% Cum. Prf.	103p	+1
¶98	F.P.	24/8	101½	100½	Sund. & S. Shields Water 8% 1986	101	......
¶98	£10	18/10	13½	10½	Wrexham Water 8% 1984	13½	......

"RIGHTS" OFFERS

Issue Price p:	Am'unt Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979 High	1979 Low	Stock	Closing Price p:	+ or −
14	F.P.	23/8	21/9	19	17	Abwood Machine Tools	17½	......
25	F.P.	24/8	14/9	75	65	Bank & Commercial	73	......
110	Nil	4/9	19/10	20pm	17pm	Bank Leumi	17pm	......
A$2	Nil	—	—	60pm	37pm	Bank of New South Wales	58pm	......
21	Nil	—	—	4pm	3½pm	Dares Estates	3½pm	......
60	F.P.	3/8	7/9	82	77	Goldberg (A)	79	......
60	F.P.	6/8	31/8	121	100	Hanson Trust	117	......
115	F.P.	20/8	21/9	136	124	Hay's Wharf	134	+2
10	F.P.	6/7	7/9	118	107	Intl. Timber	118	......
30	F.P.	—	—	42	36	Lennons	42pm	+1
110	Nil	—	—	12pm	10pm	Letraset	11pm	......
6	Nil	29/8	18/9	9pm	3pm	London Inv. Trust	9pm	+5
115	Nil	—	—	17½pm	16½pm	Macarthys Pharm.	16½pm	......
145	Nil	—	—	51pm	42pm	Unitech	51pm	+7
10	Nil	5/9	17/10	2pm	1pm	Yorkgreen Invs.	2pm	+½

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. *F* Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. : Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights" ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. ☐ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 Income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Tues., Aug. 28, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Aug. 24 Index No.	Thurs., Aug. 23 Index No.	Wed., Aug. 22 Index No.
1	CAPITAL GOODS (172)	242.07	−0.3	17.84	5.90	7.20	242.76	242.03	243.28
2	Building Materials (27)	224.73	−0.4	18.36	5.94	7.09	225.68	225.35	226.46
3	Contracting, Construction (28)	371.73	+0.5	24.57	5.83	5.09	369.85	369.88	367.64
4	Electricals (15)	613.13	−0.5	13.31	3.79	10.06	616.20	613.21	615.61
5	Engineering Contractors (12)	352.37	+0.2	20.64	6.86	6.06	351.54	350.48	353.87
6	Mechanical Engineering (74)	171.57	−0.2	19.50	6.80	6.53	171.97	171.94	173.62
8	Metals and Metal Forming (16)	161.58	−0.4	19.37	9.27	6.42	162.25	161.12	161.65
11	CONSUMER GOODS (DURABLE) (52)	236.05	+0.1	15.54	4.95	8.07	235.79	234.87	235.22
12	Lt. Electronics, Radio, TV (16)	335.01	+0.2	12.03	3.78	10.74	334.38	333.59	332.75
13	Household Goods (13)	145.81	−0.7	19.92	7.49	6.15	146.84	146.23	146.70
14	*Motors and Distributors* (23)	113.02	+0.1	23.67	7.41	5.13	112.89	112.03	113.31
21	CONSUMER GOODS (NON-DURABLE) (171)	235.23	+0.1	16.62	6.04	7.49	235.03	234.09	236.73
22	Breweries (14)	284.99	+0.2	15.91	5.36	7.49	284.46	283.31	284.22
23	Wines and Spirits (6)	313.93	+0.8	17.47	5.72	7.11	311.34	309.16	313.01
24	Entertainment, Catering (17)	297.83	−0.4	16.63	6.83	7.88	299.03	298.46	300.39
25	Food Manufacturing (19)	205.76	+0.4	19.18	6.49	6.48	204.95	205.15	205.84
26	Food Retailing (15)	306.90	+0.1	12.05	4.16	9.90	306.68	307.45	311.29
32	Newspapers, Publishing (12)	412.91	−0.3	22.91	7.05	6.12	414.24	413.87	415.74
33	Packaging and Paper (15)	126.92	+0.1	23.16	8.78	5.59	126.81	126.63	127.60
34	Stores (41)	240.50	—	12.18	4.34	10.77	240.51	238.26	243.90
35	Textiles (23)	155.97	−0.1	23.42	9.88	5.41	156.16	155.59	156.29
36	Tobaccos (3)	239.92	—	23.76	9.27	4.75	239.82	239.24	239.83
37	Toys and Games (6)	75.03	−1.1	23.03	8.98	5.51	75.83	77.07	77.07
41	OTHER GROUPS (99)	204.10	+0.1	15.60	6.16	7.89	203.95	202.53	201.89
42	Chemicals (18)	287.70	−0.3	17.64	6.72	6.62	288.68	283.27	278.64
43	Pharmaceutical Products (7)	229.61	+0.4	12.17	4.78	10.05	228.59	228.75	226.17
44	Office Equipment (6)	116.60	−0.4	17.13	7.20	7.30	117.03	117.41	118.15
45	Shipping (10)	447.29	+1.0	10.51	6.71	12.74	442.87	442.25	446.41
46	Miscellaneous (58)	240.47	+0.2	16.17	6.09	7.97	240.05	239.31	241.42
49	INDUSTRIAL GROUP (494)	236.71	—	16.61	5.95	7.55	236.73	235.68	237.01
51	Oils (6)	612.24	+0.1	12.97	6.94	8.20	611.92	608.93	613.64
59	500 SHARE INDEX	267.38	—	16.00	6.12	7.65	267.37	266.17	267.77
61	FINANCIAL GROUP (116)	187.35	—	—	5.64	—	187.27	187.92	188.85
62	Banks (6)	210.90	−0.5	39.20	6.07	3.26	212.04	215.93	215.88
63	Discount Houses (10)	261.66	+0.2	—	7.02	—	261.19	261.55	262.45
64	Hire Purchase (5)	170.87	−0.3	19.42	5.08	6.60	171.45	170.48	172.35
65	Insurance (Life) (10)	151.04	+0.5	—	6.73	—	150.34	151.57	151.80
66	Insurance (Composite) (8)	124.16	+0.1	—	7.57	—	124.00	124.59	125.80
67	Insurance Brokers (10)	268.92	—	18.62	6.82	7.68	269.04	270.40	269.04
68	Merchant Banks (14)	99.45	+0.2	—	5.54	—	99.26	99.05	98.46
69	Property (43)	360.74	+0.3	3.37	2.53	43.36	359.78	359.02	361.74
70	Miscellaneous (10)	119.14	+0.6	15.62	7.44	8.20	118.42	117.96	118.24
71	Investment Trusts (110)	213.68	+0.2	—	5.34	—	213.33	212.80	213.24
81	Mining Finance (4)	127.54	+0.8	15.62	5.92	7.85	126.57	123.24	122.65
91	Overseas Traders (20)	337.76	—	15.50	7.55	7.89	337.74	336.43	338.74
99	ALL-SHARE INDEX (750)	245.21	—	—	6.02	—	245.13	244.29	245.61

FIXED INTEREST PRICE INDICES

	British Government	Tues., Aug. 28	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	104.97	+0.06	0.21	6.66
2	5-15 years	118.29	—	—	7.55
3	Over 15 years	124.58	+0.00	0.00	9.51
4	Irredeemables	138.21	+1.05	1.45	8.49
5	All stocks	115.22	+0.04	0.10	7.65

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Tues., Aug. 28	Fri., Aug. 24
1	Low Coupons	5 years	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]

		Tues., Aug. 28 Index No.	Yield %	Fri. Aug. 24	Thurs. Aug. 23	Wed. Aug. 22	Tues. Aug. 21	Mon. Aug. 20	Fri. Aug. 17	Thurs. Aug. 16
15	20-yr. Red. Deb & Loans (15)	58.61	12.67	58.52	58.64	58.60	58.54	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	50.71	13.28	50.80	50.80	50.80	50.80	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	70.91	12.84	71.14	71.18	71.24	71.24	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Group (a)(g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd. (a)(c)

Barclays Unicorn Ltd.♥ (a)(c)(g)

Baring Brothers & Co. Ltd.♥ (a)(x)

Bishopsgate Progressive Mgmt. Co.♥

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)

The British Life Office Ltd♥ (a)

Brown Shipley & Co. Ltd.♥

Canada Life Unit Tst. Mngrs. Ltd.♥

Capel (James) Mngt. Ltd.♥

Carliol Unit Fd. Mgrs. Ltd.♥ (a)(c)

Charities Official Invest. Fund♥

Chieftain Trust Managers Ltd♥ (a)(g)

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.♥ (a)(b)(c)

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd.

Friends' Provdt. Unit Tr. Mgrs.♥

Funds in Court♥

G.T. Unit Managers Ltd.♥

G. & A. Trust (a) (g)

Gartmore Fund Managers♥ (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)♥

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration♥ (a)(c)(g)

Hill Samuel Unit Tst. Mgrs.† (a)

Investment Intelligence Ltd.♥ (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers♥

L. & C. Unit Trust Management Ltd.♥

Legal & General Tyndall Fund♥

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥ (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.♥

M & G Group♥ (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.♥ (a)

Minster Fund Managers Ltd.

MLA Unit Trust Mgemnt. Ltd.

Murray Johnstone U.T. Mgmt.♥ (a)

Mutual Unit Trust Managers♥ (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.♥

National Westminster♥ (a)

NEL Trust Managers Ltd.♥ (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.♥ (a)

Practical Invest. Co. Ltd.♥ (y)(c)

Provincial Life Inv. Co. Ltd.♥

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)

Quilter Management Co. Ltd.♥

Reliance Unit Mgrs. Ltd.♥

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.♥ (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group♥

Schlesinger Trust Mngrs. Ltd. (a)(z)

Schlesinger Trust Mngrs.—contd.

J. Henry Schroder Wagg & Co. Ltd.♥ (a)(c)

Scottish Equitable Fnd. Mgrs. Ltd.♥

Sebag Unit Tst. Managers Ltd.♥ (a)

Security Selection Ltd.

Stenhouse Reed Shaw Group♥

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mangt. Ltd.

Target Tst. Mngrs. Ltd.♥ (a)(g)

Target Tst. Mngrs. (Scotland) (a)(b)

Trades Union Unit Tst. Managers♥

Transatlantic and Gen. Secs.♥ (y)(c)

TSB Unit Trusts (y)

Tyndall Managers Ltd.♥

Ulster Bank♥ (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

NOTES

INSURANCE & PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.♥

AMEV/Framlington

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.♥

Canada Life Assurance Co.

Cannon Assurance Ltd.♥

Capital Life Assurance♥

Charterhouse Magna Gp.♥

Chieftain Assurance Funds

City of Westminster Assur. Co. Ltd.

City of Westminster Assur. Soc. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Assurance Co. Ltd.♥

Crown Life Assurance—contd.

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.♥

Gartmore Bonds

General Portfolio Life Ins. C. Ltd.♥

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.♥

Guardian Royal Exchange

Hambro Life Assurance Limited♥

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.♥

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.♥

M & G Group♥

Manufacturers Life Insurance Co.

Merchant Investors Assurance♥

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.♥

Norwich Union Insurance Group♥

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.♥

Property Growth Assur. Co. Ltd.♥

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited♥

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group♥

Schroder Life Group♥

Scottish Widows' Group

Solar Life Assurance Limited

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.♥

Tyndall Assurance/Pensions♥

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.♥

Windsor Life Assur. Co. Ltd.

OFFSHORE & O'SEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Gartmore Fund Managers (C.I.) Ltd. (a)(h)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Fund Mgrs. Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mgmt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Keyser Ullmann Ltd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

M & G Group

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Samuel Montagu Ldn. Agents

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Negit S.A.

Negit Ltd.

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Schroder Life Group

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Singer & Friedlander Ldn. Agents.

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TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH

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United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management♥

Wren Commodity Trust

Leopold Joseph & Sons (Guernsey)

Kemp-Gee Managemt. Jersey Ltd.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1979 High	1979 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
100¼	54⅝	Treasury 10½pc '79‡‡	99$\frac{11}{32}$	......	10.57	13.65
98¼	94½	Electric 3½pc '76-79	97$\frac{7}{32}$	+$\frac{1}{32}$	3.57	13.65
99⅛	95⅞	Treasury 9pc 1980‡‡	98½xd	......	9.17	12.95
99⅛	95½	Treasury 9½pc '80‡‡	97¾	......	9.72	12.75
97	92¾	Treasury 3½pc '77-80	94⅛	......	3.71	10.99
97⅛	92⅞	Funding 5¼pc '78-80‡‡	95⅛	......	5.51	11.39
103⅝	99$\frac{3}{16}$	Exchequer 13pc 1980‡‡	100$\frac{1}{2}$	+$\frac{1}{16}$	12.94	12.47
102½	96$\frac{1}{16}$	Treasury 11½pc 1981‡‡	99¼	+$\frac{1}{16}$	11.38	12.02
93¾	88⅞	Treasury 3½pc 1979-81	92½	−⅛	3.78	9.06
99$\frac{11}{16}$	92$\frac{9}{16}$	Treasury 9¾pc 1981‡‡	96½	+⅛	10.10	12.27
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

1979 High	1979 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
107	100	Do. 14pc '79	101	......	14.24	—
108¼	98¼	Do. 14pc '83	104	......	13.46	12.74
86½	77½	ICFC 5½pc Deb. '80-82	83½xd	......	6.52	11.79
85	71½	Do 6¼pc Db '81-84	79½	+½	8.07	12.30
99	84½	Do 10¼pc Uns.Ln. '86	93	......	11.46	12.40
99	84½	Do. 11pc Uns.Ln. '88	95	......	11.51	12.10
101½	84	Do. 11¾pc Uns Ln. '90	97	......	12.34	12.60
72½	57	Do. 7¼pc A Deb. '89-92	66½	......	11.12	12.90
69	53½	Do 7¼pc A Db. '91-94	64½xd	......	11.24	12.60
81½	64½	Do. 9pc 'A' '91-94	75½xd	......	11.92	12.70
78½	62½	Do. 8¾pc Ln. '92-97	73xd	+½	12.16	12.60
102	95½	Do. 12¼pc. Uns. Ln. 1992	98½xd	−½	12.69	12.70

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 10⅞% (based on US$2.2519 per £)
Conversion factor 0.9028 (0.9017)

CANADIANS

S.E. List Premium 10⅞% (based on $2.6310 per £)

BANKS AND HIRE PURCHASE

1979 High	1979 Low	Stock	Price	+ or −	Div. Net	Cvr	Gr's	P/E
£27¼	930	Com'zbk DM 10$	975p	......	Q26.6%	—	7.0	—
£18½	£10¼	Chgn.Hbk.kr100	£10¼	......	Q12%	—	11.1	—
41	29	Corinthian 10p	38	......	1.05	5.9	3.9	4.4
£24⅝	£15	Cred. France F75	£17⅛	+⅛	Q9.67%	—	3.8	—
16	12	Dawes (G. R.)	13	......	—	—	—	—
£121	£64	Deutsche Bank DM50	£66½	......	Q23.12%	—	5.2	—
90	63	F. C. Finance	63	......	2.2	4.9	5.0	5.8
8¼	5¼	First Nat. 10p	5½	......	—	—	—	0.4
4	2	Do. Wrnts. 75-83	2½	......	—	—	—	—
265	178	Gerrard Natnl.	266	+2	9.12	—	4.9	—
62	39	Gibbs (A.)	52	−2	2.2	—	6.0	—
270	217	Gillett Bros. £1	222	+1	†16.95	—	10.9	—

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Hire Purchase, etc.

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MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
\$18¾	\$10½	Buffels R1	\$18⅝	+½	0200c	φ	12.9
\$15½	890c	East Drie R1	\$14½	−¼	†0115c	1.6	9.6
\$11½	350	East Rand Pro. R1	\$11½	+¾	†010c	—	1.1
\$32¼	\$18¼	F.S. Geduld 50c	\$32¼	+1½	†0315c	2.4	11.8
\$22	\$11⅛	Pres. Brand 50c	\$22	+1¼	†0150c	3.2	8.3
\$19⅜	\$10½	St. Helena R1	\$19⅜	+¾	†0190c	1.4	11.8
775c	407c	Stilfontein 50c	775c	+25	†066c	1.7	10.3
\$35½	\$18¼	Vaal Reefs 50c	\$35½	+1¼	†0280c	2.7	10.0
\$51	\$28¼	West Drie R1	\$51	+1¼	0615c	φ	14.6
\$38	\$22¼	West Hldgs. 50c	\$36	+1¾	†0415c	1.4	13.2
\$16½	\$10⅜	Western Deep R2	\$17⅞	+⅞	†0147½c	2.1	10.6

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or in EEC currencies are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ‡ Regional price.
- ∥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday August 29 1979

Big drop in U.S. trade deficit

By David Buchan in Washington

THE U.S. trade deficit narrowed substantially in July to $1.107bn from $1.9bn the previous month, the U.S. Commerce Department announced yesterday. It was the second lowest monthly shortfall this year.

The trade figures, together with the steady recent increase in U.S. interest rates, are relatively good news for the U.S. dollar, which has stayed steady on foreign exchanges in spite of big gains in the price of gold.

Exports up

Imports in July dropped slightly to $16.77bn, in spite of a continued sharp increase in the U.S. oil import bill, which rose though the volume of oil and petroleum products imports remained about the same.

The smaller July shortfall was mainly the result of a broad-based surge in exports, which rose from $15.03bn in June to a record $15.67bn last month.

The Administration has forecast a much smaller deficit on trade this year, compared with last year, nad the July figures bring the shortfall so far this year to $12.86bn as opposed to $20bn in the first seven months of 1978.

Moderation

Mr. Anthony Solomon, U.S. Treasury Under-Secretary, this week forecast that the U.S. would move into "moderate surplus" next year. Clearly, some of the moderation in import growth is due to the current slowdown in economic growth, generating less demand for foreign products.

The Administration is likely to take heart from the export performance in July. Though disappointing export figures were recorded in April and May of this year, the Administration has long been predicting an improvement in the competitiveness of U.S. goods abroad.

Nigeria's oil revenue may rise by 50%

BY MARTIN DICKSON IN LAGOS

NIGERIA'S oil revenues this year may be 50 per cent higher than in 1978, Major-General James Oluleye, Nigerian Commissioner of Finance, said in Lagos yesterday.

He gave fresh statistics which underlie the sharp recovery in the Nigerian economy from last year's recession. The 1978 downturn stemmed largely from reduced oil earnings, but this year has seen an extraordinary improvement in its oil fortunes.

Production has been an all-time record of 2.4m barrels a day since the beginning of the year, but has been reduced to about 2.2m b/d and is expected to stay at that level. OPEC price increases have pushed the price of Nigeria's marker crude up by about 60 per cent in the past year.

Gen. Oluleye said provisional estimates by his Ministry suggested that oil revenues in 1979 would be N6.88bn (£5.4bn).

Real GDP growth, which dropped to 5.5 per cent in the last financial year, was forecast to rise to 9.1 per cent in 1979-1980.

The Minister expected the current account of the balance of payments to swing back into surplus in 1979 from last year's record deficit of N2.3bn (£1.8bn).

Foreign exchange reserves, which dropped to about N1bn at one time last year, were expected to be N2bn (£1.6bn), well over three months of imports, by October 1, when the present Military Government will hand over to a civilian administration.

Gen. Oluleye felt the Military Government had managed to put the economy on a "sound footing" in time for civilian rule.

He did not envisage the new Government making major departures from present policy, but "they will have to do something to make their presence felt."

Despite the higher oil revenue, he said, Nigeria had still budgeted for more than N1bn in external borrowing for the current financial year, which ends in March.

The Government had already raised N714m (£563m) in off-shore credits, all project-related, and hoped to reach agreement on a further N711m though not all this sum would be drawn down during the year.

The N714m raised so far comprises N400m on an export credit basis from Hermes West Germany for the Delta steel plant project, and a further N50m for the same scheme raised in the Austrian market; a N70m line of credit from the Banque Nationale de Paris to finance a Nigerian external telecommunications link between Lagos and Abidjan; and three more Euro-credits, N98m for a road project linking the eastern towns of Onitsha and Enugu; N46m for the Benue cement works; and N50m for the dam on the Oyan River.

Gen. Oluleye said the Government hoped to raise loans for four more projects; N360m for the Onne port development project: N80m for three steel-rolling mills; N104m for the Goronyo Dam project: and N167m for the Lagos metropolitan water scheme.

Yard acts on alleged telex swindles, Page 8

Vauxhall offers 17% pay package

By Philip Bassett, Labour Staff

VAUXHALL MOTORS has offered its 26,000 manual workers increases worth about 17 per cent, tied to agreements on performance and working practices, in one of the first major pay offers of the new pay round.

The progress of the offer, the first in the motor industry, will be closely watched by Ford workers and other groups which normally set the pace and which this year are later in the pay round. Vauxhall last year recorded its first net profit since 1971.

The move is likely to lessen the chances of a quick settlement to the two-month-old strike by Chrysler workers at Ryton and the Stoke engine plant in Coventry, who have been offered increases under the last pay round of 5½ per cent and a productivity deal.

Details are being considered at a series of shop stewards' and workplace meetings this week at the company's three plants at Luton, Dunstable and Ellesmere Port, but it seems unlikely that they will be accepted. Further negotiations are set for Friday.

Strike threat

There were reports yesterday that the 3,000 members of the Transport and General Workers' Union at the more traditionally militant Ellesmere Port plant would stage a token 24-hour strike today against the offer. Other reports suggested that the plant's TGWU members would be called to a mass meeting today to hear full details of the package.

Shop stewards at the company's main Luton plant considered the offer yesterday, and will hold a further meeting tomorrow

The package, tabled last week at two days of pay talks, is estimated within the company to be worth 17 per cent, though some union officials put it closer to 17½ per cent.

Top-rate craft workers are offered pay increases of £13.20 to take their weekly basic to £100. Skilled workers would receive increases of £12.20, to take their rate from £86.80 to £99.20.

Middle-grade production workers would get £10.60, to take their basic rate from £77.20 to £87.80. Workers on the lowest band are offered £9, to take their basic rate from £68.80 to £77.80.

In addition to the pay increases, which represent rises of 13-15.2 per cent, the offer meets the union side's claim for holidays paid at time and a third and puts forward a five-day Christmas holiday for this year.

The package is conditional on "total trade union and employee acceptance" of: a commitment to improve performance: ending the "quota" system and instead working straight through the shift: total labour flexibility: and agreeing to do alternative work when there is an unofficial walk-out by one section.

The final condition, which union officials feel could be the most contentious, makes it clear that the guaranteed shift payment will not be paid if alternative work is not agreed.

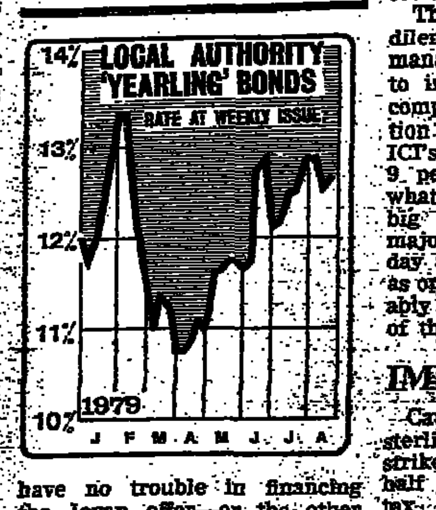
THE LEX COLUMN

Beecham builds its U.S. base

Having once moved off the plateau marked by the 11¾ per cent prime, U.S. interest rates are now rising quite steeply. Yesterday saw a general batch of prime rate increases to 12¼ per cent, while Federal Funds were allowed to climb to 11¼ per cent before the authorities intervened. Expectations of a further half-point rise in the general level of rates are becoming widespread.

The dollar did seem to be encouraged by the higher rates yesterday. But it made no gains at the expense of sterling, which remains very firm, and there was no pressure on the gilt-edged market.

Index fell 0.2 to 464.8



Beecham

Beecham is good at buying businesses, and its $85m offer for Jovan, a U.S. producer of fragrances and perfumes, looks well based. Net assets are only about $30m, but the price is not outrageous—the company has grown from nothing to sales of $78m in the space of a decade, and Beecham is paying a p/e of 13½.

The bid will significantly strengthen Beecham's presence in the North American market for consumer products, taking its annual sales up to over $220m. This is important, for the group believes that by increasing the scale of its operations in this way it can afford to be more aggressive in its overall approach to the market. For instance, the $82m acquisition of Calgon in 1977 is seen as an essential forerunner to Beecham's current attack on the U.S. toothpaste market with Aqua-fresh.

Here, the group is aiming for a tenth of a market which is currently worth around $650m, and its promotional spending on the product this year could be in the region of $25m. The healthy stream of earnings from Calgon makes such ambitions possible. Beecham, by the way, say that Aqua-fresh has got off to an excellent start: it is now at the crucial stage when repeat orders are starting to flow through.

Its growing consumer products business will help the group through what promises to be a dull couple of years on the pharmaceutical side. And Beecham is not doing anything out of the ordinary: several other leading pharmaceutical companies have been building up their diversified interests at a time when the time and expense required to launch new medicines have been growing rapidly.

Beecham had £161m of liquid resources in its last balance sheet. Roughly half of which was outside the UK. So it will have no trouble in financing the Jovan offer—or the other acquisitions in the consumer products field which it is currently planning elsewhere in the world.

Chemical majors

With a 46 per cent jump in its first-half profits, the Bayer Group has rounded off the interim results season of the German chemical majors. BASF's performance was the most impressive with a 58 per cent rise in its first-half profits, but both Bayer and Hoechst have experienced strong earnings growth in the first six months of this year.

The U.S. chemical majors have already reported buoyant profits in the second quarter. Dow Chemical's net income rose by 42 per cent in the April-June period while Du Pont and Union Carbide showed earnings gains of 21 per cent and 39 per cent respectively over the same period. Against this background ICI's first-half performance looks rather sluggish with first-half profits just 3.5 per cent higher.

All the big chemical companies in Europe and North America are making much the same sort of noise about the state of the industry at the moment. The recent sharp rise in energy and raw material costs is not being matched by higher selling prices, but in the short term at least this is being offset by higher volumes. Everyone is talking about the long awaited downturn yet so far there is no definite evidence that it has arrived.

When the chemical industry recession finally starts to bite as it will inevitably, ICI looks to be better placed than some of its rivals. It has never been as heavily involved in the man-made fibre business as say, Du Pont or Akzo, and its stake in the Ninian oil field is proving to be a valuable cushion at a time of sharply rising energy costs.

This poses something of a dilemma for the UK fund manager who might be tempted to invest in overseas chemical companies following the relaxation of the exchange controls. ICI's prospective yield of nearly 9 per cent is roughly double what a foreigner can get on the big three German chemical majors. But at the end of the day a decision to invest in ICI as opposed to Hoechst will probably depend more on one's view of the respective currencies.

IMI

Caught on one side by rising sterling and on the other by strikes, IMI has seen its first-half profits slip to [illegible] pre-tax from £15.7m. Trading margins, nearly 8 per cent last year, have fallen to just under 6 per cent.

The company reckons that the appreciation of sterling cost it £2m—half through the direct impact on foreign earnings, half from the exchange adjustment to net current assets. The disruption on the building products side came at a particularly exasperating time, when demand from customers was unusually high. Zips remain a major problem: judging from the minority charge, the zip fastener side lost around £2m in the first half, and although rationalisation is proceeding the losses have not yet been entirely stemmed.

Fixed asset spending is running at around the budgeted £20m and working capital needs are growing. It seems likely that borrowings are rising rather faster than in 1978, when there was a cash outflow of £10m. The interest charge, not disclosed at the interim stage, must be considerably higher than last year.

None of this leaves IMI in ideal shape to face a difficult pay round. So far the engineering strikes have had little effect, but they may soon start gnawing at second half earnings, partly as a result of stoppages at the factories of IMI's customers. The group will now do very well to make £30m this year (£32m in 1978) unless sterling falls substantially.

Still, the interim dividend has been increased by 13 per cent net, which shows a certain amount of confidence. If the final is raised in line—implying cover of around two times by earnings taxed at 40 per cent—the yield at 49½p will be about 12½ per cent. This puts IMI in line with Delta and Glynwed and shows quite clearly how dimly the market views the industry's immediate prospects.

Spending squeeze at Treasury brings review of resources

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE TREASURY is itself to be subject to the squeeze on public spending. A major review is now under way on the internal distribution of resources to identify possible savings in staff.

Among the parts of the Treasury under particularly close scrutiny are the economic forecasting side and the exchange control division.

The work of the forecasters is already being looked at by the new ministerial team as part of a more general re-examination of the economic side of the Treasury. This is associated with the appointment of a new chief economic adviser later this year.

The relaxation of exchange controls already announced is expected to produce some savings by the end of this year among the 24 staff in this area.

The review is part of the broader exercise under which all ministries have been asked to prepare estimates of the possible effects of 10, 15 and 20 per cent cuts in manpower costs by April 1982.

A problem for the Treasury, which employs just over 1,100 staff, is that it has always been a fairly tightly-run department with hardly any obvious scope for cutting. Moreover, its main functions will be unaffected by the general restraint on public spending.

A further difficulty is that a higher than average percentage of the Treasury's total costs consists of manpower. There is likely to be a fairly tight squeeze to remain within the cash limit this year.

This ceiling on expenditure for 1979-80 was increased between April and June from £13.77m to £14.6m to allow for part of the cost of the large, and phased, Civil Service pay award. Nevertheless savings in staff are being made this year as the Treasury has always prided itself on not avoiding the impact of any squeeze on public spending.

Howe looks outside Whitehall, Page 7

Times loses £17m in six months

BY MAX WILKINSON

THE COST of closing The Times, the Sunday Times and the three supplements was £17.3m in the first half of this year, according to the interim report of the International Thomson Organisation, published yesterday.

Thomson's figures for the six months ended June 30 show pre-tax profits were up by £2.5m to £63.2m on sales of £297m in spite of the loss made by Times Newspapers.

The total cost of the shutdown of the papers since November 30, 1978, is estimated at about £20m, and the continuing cost of closure is put at £1.7m a month, but this could be higher if more union groups reach agreement and return to work.

All the unions have agreed general proposals for a return to work except NATSOPA—the National Society of Operative Printers and Media Personnel. The company has failed to agree wage rates and manning levels for some of the groups in this union—particularly printers who work part time for the Sunday Times.

One of the obstacles to settlement is disagreement within the union. On one side are Mr. Reg Brady, Father (chairman) of the Sunday Times machine Chapel (shop) and Mr. Barry Fitzpatrick, Father of the Sunday Times Clerical Chapel. They are taking a more militant stand than the union's national leadership.

It appears unlikely that the papers could be back on the news stands before October at the earliest. However, the Times management seems to be more optimistic than at the beginning of the summer.

The main cause of the shutdown was the failure by Times management to impose what it considered to be adequate discipline over its printers, particularly the Sunday Times night staff. Disruption and stoppages became so frequent that the management said it could no longer guarantee regular publication.

The management also wanted to introduce computer typesetting equipment, and new manning arrangements in exchange for some substantial cash benefits.

The issue of computer typesetting has been shelved, and agreement has generally been reached on the questions of industrial discipline.

The outstanding point, therefore, is the attitude of NATSOPA to pay and manning. The union's national executive is meeting on Thursday, when the question is expected to be considered.

Results, Page 26

Weather

DRY with long sunny periods. Some rain in N. Scotland.

London, S.E., E., N.E., Cent. N. England, Midlands, E. Anglia
Some fog at first. Dry with long sunny periods. Max. 23C

Cent. S., N.W., S.W. England, Wales, Channel Isles, Lake District, I. of Man
Some fog at first. Dry with long sunny periods. Max. 22C

Borders, Edinburgh and Dundee, Glasgow, Argyll, S.W. Scotland, N. Ireland
Dry, sunny periods developing. Max. 20C (68F).

Rest of Scotland
Cloudy with some rain. Max. 13C (54F).

Outlook: Dry and warm. Some rain in north and west.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	24	75	Jo'burg	S	19	66
Algiers	S	37	99	L. Plms.	S	24	75
Amsdm.	F	16	61	Lisbon	F	22	72
Athens	S	31	88	Locarno	S	21	70
Bahrain	S	38	100	London	S	19	66
Barcina.	F	23	73	Luxmbg.	C	13	55
Beirut	S	30	86	Madrid	F	28	82
Belfast	F	18	64	Malaga	F	28	82
Belgrd.	S	22	72	Malta	S	30	86
Berlin	C	15	59	M'chstr.	S	18	64
Biarritz	F	21	70	Melbne.	C	11	52
Bmghm.	S	19	66	Milan	R	15	59
Blackpl.	S	17	63	Mntreal.	S	22	72
Bordx.	S	22	72	Moscow	C	16	61
Boulgn.	F	16	61	Munich	F	14	57
Bristol	S	18	64	Nairobi	S	21	71
Brussels	C	15	59	Naples	F	23	73
Budpst.	F	19	66	Nwcstl.	F	17	63
B. Aires	S	13	55	N. York	C	25	77
Cairo	S	34	93	Nice	F	23	73
Cardiff	S	17	63	Oporto	S	21	70
Cas'b'ca	C	23	73	Oslo	S	18	64
Cape T.	S	18	64	Paris	S	18	64
Chicago	C	20	68	Perth	S	17	63
Cologne	C	14	57	Prague	C	13	55
Cpnhgn.	C	16	61	Revkjvk.	R	11	52
Corfu	S	30	86	Rhodes	S	30	86
Dublin	F	19	66	Rio J'o	S	25	77
Dbrvnk.	F	34	93	Rome	F	27	81
Ednbgh.	F	18	64	Salzbrg.	C	15	59
Faro	S	25	77	Singapr.	R	24	76
Florence	S	25	77	Stckhm.	C	14	57
Frankft.	C	14	57	Sydney	R	16	61
Funchal	R	19	66	Tangier	S	24	75
Geneva	S	17	63	Tehran	S	26	78
Gibrltr.	F	25	77	Tenerife	S	21	70
Glasgow	F	17	63	Tokyo	C	27	81
G'rnsey	S	17	63	Toronto	C	20	67
Helsinki	F	18	64	Tunis	F	31	88
H. Kong	S	30	86	Valencia	F	27	81
Innsbrk.	F	18	64	Venice	F	21	70
Invrnss.	F	16	61	Vienna	F	22	72
I.o.Man	F	15	59	Warsaw	R	12	54
Istanbul	F	26	79	Zurich	F	16	61
Jersey	S	17	63				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Mountbatten murder: Irish Cabinet meets

BY STEWART DALBY

THE IRISH CABINET is to have a special meeting this morning to discuss the implications of Monday's murder of Lord Mountbatten, two members of his family—the Dowager Lady Brabourne, his daughter's mother-in-law died in hospital yesterday—and his Irish boatboy.

Mr. Jack Lynch, the Irish Prime Minister, has cut short his holiday in Portugal and is expected back in the republic within a day or two to face the grave security crisis the killings have provoked.

In his absence, today's Cabinet will be chaired by Mr. George Colley, the deputy Prime Minister. It will discuss the state of Anglo-Irish relations, the possibility of a backlash from Northern Ireland's Protestant para-military groups against Roman Catholics both in the North and in the Republic, and the question of the Pope's three-day visit to Ireland due to start on September 29.

The meeting will hear a special report from Mr. Gerry Collins, Minister of Justice and Police, on what the police have discovered so far, both about the tragedy in County Sligo and the killing, also on Sunday, of 18 soldiers and one bystander in Warrenpoint which is just across the Northern Ireland border.

The Irish Cabinet is preparing itself for a demand from the British Government to increase security for important foreigners. The Government is highly embarrassed by the death of a greatly respected elder British statesman in a country which he liked enough to set up a second home.

Privately, however, officials have been saying that there is not a great deal of scope for immediately improving security. It has been pointed out that the country has a police force of only 9,000 men, one third of whom are engaged in the border areas with Northern Ireland.

Recently, the Irish Government set up special plain clothes armed flying squad units to work in the border areas and has long given co-operation to the British authorities and the Royal Ulster Constabulary in terms of joint patrols.

The Irish Government will be carefully watching for signs of Protestant paramilitary activity. Reports that small killer assassination squads have been set up have been prominently aired in Dublin.

It was not clear last night how the Pope's visit would be affected. Government spokesmen seem to feel that this would go ahead and that massive security would be supplied. They pointed out, however, that the visit was pastoral, and was being organised by the Irish Conference of Bishops in conjunction with Vatican officials.

Meanwhile, Mr. Colley yesterday paid a visit to the British Embassy in Dublin to express the condolences of the Irish Government and people to Mr. Robin Haydon, British Ambassador.

Lady Patricia Brabourne, Lord Mountbatten's daughter was last night said to be critical, although more stable, as was Timothy Knatchbull, her 14-year-old son whose twin brother, Nicholas, was killed when Lord Mountbatten's boat exploded. Lord Brabourne, the seventh member of the boat trip, was said to be satisfactory.

Our Belfast correspondent writes: The Loyalist paramilitary Ulster Defence Association yesterday threatened violence unless there was swift Government action against the IRA. It claimed that Mr. Humphrey Atkins, the Northern Ireland Secretary, had "no knowledge" of the Ulster situation and said it would be forced "to take the law into its own hands" unless there was positive action against the Provisionals.

CONTINUED FROM PAGE 1

Ayatollah rejects

at his own request "to clean up the traitors."

There have been more than 50 executions of men said to have been involved in the fighting in the past 10 days, after summary trials.

The nine soldiers shot by firing squad were the first to die for offences committed since the revolution which overthrew the Shah. They were four officers and five NCOs.

Last night Army troops, including two columns of tanks, were expected to move on Mahabad, heavily defended by the Kurds, after Ayatollah Khomeini's rejection of the ceasefire agreement.

Mr. Bani-Sadr accused the Kurdish rebels of trying to take the region by force, and said the Army intended to take Mahabad. The scene is therefore set for a full-scale confrontation

● Iran is to nationalise the Soviet State-owned Russo-Iran Bank, ending two months' uncertainty over whether the bank, the only one in Iran to have been wholly owned by foreign interests, would be covered by the June decree nationalising all banks.

An Iranian Foreign Ministry statement said a Soviet delegation would visit Iran to liquidate the bank's assets, declared in 1978 to amount to Rials 16.6bn (£110m).

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V G H

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